

Is it, isn't it

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Australia ... \$422	Indonesia ... Rp2100	Portugal ... Esc100
Bahrain ... Dhs650	Israel ... NIS50	S.Africa ... Rand100
Belgium ... BF400	Italy ... Lit1000	Singapore ... S\$4.10
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Hong Kong ... HK\$100	Mexico ... Mex\$100	Turkey ... TL100
India ... Rs100	Norway ... Nkr100	U.S.A. ... \$1.00

World News

North and Poindexter indicted over Iran arms

President Reagan's former national security aide, John Poindexter and Oliver North, were indicted on criminal charges stemming from the Iran-Contra scandal. Special Prosecutor Lawrence Walsh said in Washington.

Mideast deadlock

President Ronald Reagan and Israeli Prime Minister Yitzhak Shamir failed to break a deadlock over the latest US plans for a Middle East peace settlement. After two hours of talks in Washington, Reagan said the US would not abandon its proposals in the face of Israeli opposition. Page 18

Iraqi attack ends lull

A month-long lull in attacks on Gulf shipping ended when Iraqi aircraft attacked a Greek-owned supertanker employed by Iran to shuttle crude from the Kharg Island terminal for transshipment at Larak Island. Page 4

UN Sharpeville Six plea

The United Nations Security Council unanimously urged South Africa to stay the execution of the Sharpeville Six, due to be carried out tomorrow. Page 4

West Bank phone curbs

Israel cut international telephone links between the occupied West Bank and Gaza Strip and the rest of the world and banned travel between the two areas in an effort to end Palestinian unrest. Page 4

Israeli settlement hit

Several Katyusha rockets fired from southern Lebanon hit a northern Israeli settlement in Galilee, causing minor damage but no casualties.

China 'attacks ships'

Three Vietnamese freighters were on fire after Chinese warships attacked them in the South China Sea and China was blocking efforts to rescue the crew, an official Vietnamese broadcast said. Page 4

US aims at brain drain

A reform of US immigration laws aimed in part at stimulating the brain drain from Western Europe and other industrial countries was overwhelmingly approved by the US Senate. Page 3

De Mita named

President Francesco Cossiga asked Christian Democrat leader Ciriaco De Mita to try to form Italy's 48th government since the Second World War. Page 2

Beretta investigated

Pier Giuseppe Beretta, 82, president of Italy's leading small arms manufacturer, was being investigated in connection with clandestine 1970s arms shipments to the PLO, Iraq and Libya.

Spanish teachers strike

Spanish teachers went on strike for pay rises, leaving 5m children without classes, and Madrid University joined in the stoppage to protest against a parcel bomb attack. Page 2

Greek schools demo

About 10,000 students, teachers and parents waving banners marched to the education ministry in central Athens demanding more spending on education.

Falklands exercise

About 1,000 British troops began a 3,000-mile flight to the Falkland Islands on a rapid reinforcement exercise in the islands claimed by Argentina.

Business Summary

Kuwait seeks control of Spanish sugar group

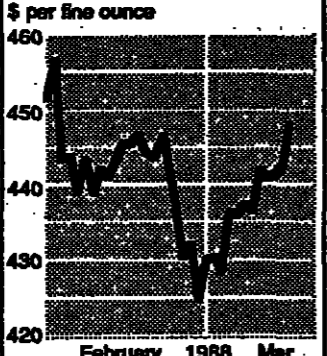
KUWAIT Investment Office, the Government's international investment arm, sought control of Edro, Spain's second-biggest sugar producer, with a bid understood to be worth Ptas3.5bn (\$210m).

The KIO wants to raise its stake in Edro from 19 per cent to 51 per cent. Its bid is understood to be worth Ptas30,000 a share, compared with the Ptas19,000 price before Edro shares were suspended. Page 19

GOLD: Bullion continued the slow but steady advance with the

London price rising 55¢ to \$448 at the close. Page 28

Gold Price



WALL STREET: The Dow Jones

industrial average closed up 16.91 at 2064.32. Page 40

TOKYO: hopes of further gains

helped send equities to their highest since the October crash. The Nikkei average rose 228.76 to close at 25,704.43. Page 40

LONDON: UK securities suffered

a mild post-Budget hangover. The FTSE 100 index fell 14.2 to 1825.7, losing three-quarters of the immediate post-Budget gain. Page 36

DOLLAR closed in New York at

DM1.6745; ¥127.50; SFR1.3860; FF6.9680. It closed in London at DM1.6725; ¥127.40; SFR1.3845; FF6.9650. Page 25

STERLING closed in New York at

\$1.6475; DM3.0875; FF10.5025; ¥127.40. It closed in London at \$1.6475; DM3.0875; FF10.5025; ¥127.40. Page 25

CAMPELLO: Toronto property and

retailing group tried to defuse criticism of its two-stage offer of \$6.02bn for Federated Department Stores with a promise that it would pay the full cash amount in one go. Page 19

PETROBRAS: Brazil's oil monopoly

reportedly, reported a 93 per cent fall in 1987 net profits to US\$134.6m, from \$1.9bn in 1986. Page 19

SOUTH AFRICAN budget aims to

reduce the state's economic role and to sustain growth in an economy 'hamstrung' by sanctions. Defence spending will be increased by 22 per cent. Page 18

REUTERS: Control of 13.89 per

cent of high-voting A shares in the UK-based international news agency, is set to pass to Rupert Murdoch's News Corporation taking its stake above Reuters' 15 per cent limit for single shareholders. Page 21

DE LAURENTIS Entertainment

US group, is selling the foreign television, video and certain non-theatrical rights in most of the film library to a company controlled by Mr Michael Stevens, UK financier, for \$83m.

RENAULT Vehicules Industriels

truck arm of the French state-owned car group, has announced a profit of FF119m (\$5m) for 1987, against a loss of FF11m in 1986. Page 20

KOPPERS, Pittsburgh-based

chemicals and building materials group, rejected a \$1.28bn offer from a group led by Beazer, UK building group. Page 24

COMPAGNIE Financière de Suez

privatised French banking and investment group locked in battle over Société Générale de Belgique, is to raise FF4.8bn (\$845.5m) with a convertible bond. Page 20

RIOTS BREAK OUT IN BELFAST AFTER SHOOTINGS AT CEMETERY

Three die at IRA funeral

THREE PEOPLE were killed and more than 50 injured yesterday when a terrorist threw grenades and opened fire during an IRA funeral service at a cemetery in Belfast, capital of the UK's troubled Northern Ireland province.

The killings happened as more than 20,000 people gathered in Milltown Cemetery in the predominantly Catholic western sector of the city for the burial of the three IRA members shot by British security forces in the UK colony of Gibraltar 10 days ago.

Riots broke out immediately in several Roman Catholic areas of west Belfast where IRA youths barricaded streets with hijacked vehicles and set them ablaze.

Later last night two men were being questioned by the Royal Ulster Constabulary about the attack.

It is believed that the terrorist, who was chased by mourners and

Kieran Cooke lies on an eyewitness account of yesterday's shootings in Belfast

badly beaten, was a member of a Protestant paramilitary organisation. But last night the UDA, largest of the Protestant paramilitary organisations, denied any involvement.

It was not immediately clear if other people had been involved but it is believed that an accomplice drove away from the scene in a white van. Mr Tom King, the Northern Ireland Secretary, condemned the shooting but said that whatever happened there must not be revenge and retaliation.

Mr Charles Haughey, Prime Minister of the Irish Republic, said that people throughout Ireland would be appalled at such

desecration during a funeral service. Mr Gerry Adams, the leader of Sinn Féin, the IRA's political wing, appealed for calm but said there was clear evidence of collusion between the security forces and the bomber.

Another funeral of an IRA sniper shot by the army earlier this week, is due to be held today.

The incident is particularly serious since funerals of people killed in the province's sectarian conflict are highly charged occasions with considerable political symbolism.

The funeral had been peaceful at the outset. There was no paramilitary display by the IRA, no Royal Ulster Constabulary and no army, apart from two helicopters hovering high overhead.

A colleague remarked that this

Continued on Page 18



Thousands of mourners in west Belfast attended the funeral of the three IRA guerrillas shot in Gibraltar

Washington accuses Managua of launching Honduras invasion

BY LIONEL BARBER IN WASHINGTON AND CHARLES CASTALDI IN MANAGUA

PRESIDENT Ronald Reagan yesterday accused Nicaragua of launching an invasion of Honduras and said Washington was examining all options, including the use of US troops, to defend Honduras.

Mr Martin Fitzwater, the White House spokesman, said that within the past 24 hours over 1,500 Nicaraguan government (Sandinista) troops with strong helicopter support had crossed over into Honduras in pursuit of US-backed Contra rebels.

In Managua, the Nicaraguan capital, the authorities said that a major military operation was under way in northern parts of the country, particularly in remote parts of Jinotega and to the east towards the Atlantic coast in areas that run up to the Honduran border. They denied, however, that any invasion had occurred. A Honduran military spokesman also denied suggestions of an invasion.

Before these denials were made, Mr Fitzwater warned that the US was considering a number of options. 'At this moment, everything is being considered short of an invasion.'

One past occasion when Nicaraguan forces have crossed into Honduras in hot pursuit, the US has used its military facilities and personnel based in Honduras to transport members of the Honduran armed forces. Yesterday's White House response was the toughest to date.



In Nicaragua, details of the Sandinista offensive against the Contra rebels have been widely reported since February 29, when supplies of food, medicine and clothing, as well as guns and ammunition, were cut off by Congress. During a White House meeting on Tuesday with Congressional leaders, Mr Reagan stressed that the rebels were vulnerable to a Sandinista offensive.

The White House response to the fighting coincided with a fresh effort by President Reagan to secure a Congressional vote to restrict aid to the Contra rebels. The offensive also comes a week before direct talks between the Sandinistas and the Contras on a ceasefire in the eight-year-old conflict are due to begin.

The Contra rebels have been warring against the Sandinista government since 1979, when supplies of food, medicine and clothing, as well as guns and ammunition, were cut off by Congress. During a White House meeting on Tuesday with Congressional leaders, Mr Reagan stressed that the rebels were vulnerable to a Sandinista offensive.

White House claims of a Sandinista invasion appeared partly aimed at putting pressure on Democrats for an early restoration of Contra aid, while shielding a strong signal to Managua not to take advantage of the rebels' vulnerability.

Wall St surprised as US bank chief quits

BY JANET BUSH IN NEW YORK

WALL STREET reacted with surprise yesterday to the resignation of Mr John Torell, president of Manufacturers' Hanover. The bank, the sixth largest in the US, is in the throes of a far-reaching restructuring.

It was announced late yesterday that Mr Torell would leave on March 31 to explore other interests. His departure is seen by analysts as unsettling for the bank.

Mr Torell, 43, has been with Manufacturers' Hanover for 27 years, has a solid reputation on Wall Street and was widely regarded as the heir apparent to Mr John McGillicuddy, chairman and chief executive.

No successor has been named, and a committee has been formed to examine both internal and external candidates.

The bank and Mr Torell have gone to some lengths to counter speculation that his departure is not voluntary and is the result of an internal management shake-up. There have been rumours recently of changes at the highest level, but those rumours had tended to centre on Mr McGillicuddy.

Manufacturers' Hanover has already been the focus of critical attention as it continues its programme of selling off assets in a bid to restore shareholder equity after the \$1.7bn addition to reserves last year against troublesome Third World loans.

The bank recently announced it was seeking a buyer for its successful consumer finance division, a move that surprised many analysts and threw up some questions about the bank's prospects.

Mr Jim McDermott, banking analyst at Keefe Bruyette, said: 'One has to wonder what will be left when the assets are sold.' He said Mr Torell's resignation could be viewed on Wall Street as another sign of weakness at the bank. Manufacturers' Hanover's share price had dropped 8% to 22 1/2 by mid-session yesterday.

Mr Torell stressed yesterday that he was departing of his own volition and that there had not been any tension, as rumoured, with Mr McGillicuddy. 'There has been no argument, no dispute, no disagreement on policy between any of us here for as long as I can remember,' he said.

Rover and Honda end Legend deal

By John Griffiths and Kevin Done in London

ROVER GROUP of the UK and Honda of Japan are to stop making the jointly developed Rover 900/Honda Legend executive cars for each other at their respective UK and Japanese plants. The decision has been taken only 18 months after the arrangement began.

Rover last night denied that the move, due to take effect this autumn, was connected with either quality considerations or with Rover's possible takeover by British Aerospace.

It had come about, an official said, because 'both sides want to make refinements which cannot easily be done in each other's factories.' These included changes to bodywork.

Rover began building the Legend for Honda at its Cowley, Oxfordshire, plant at the end of 1986. The first Rover 900 model left Honda's Suzuka line in the spring of 1987.

At the time, Rover said Legend output would provide extra throughput and make Cowley more efficient.

Noriega in control after police rebellion is quelled

By David Gardner in Panama City

GENERAL Manuel Antonio Noriega, Panama's military strongman, appeared to be firmly in control of the Defence Forces last night after shooting broke out earlier at the military headquarters in the heart of Panama City.

Police members of the Defence Forces briefly rebelled but the outbreak was swiftly quelled. Shooting could be heard in several parts of Panama City and provoked radio reports of an attempted anti-Noriega coup. The incident came against a background of increasing violence and polarisation in the struggle to remove Gen Noriega.

Last night, the military government said it had crushed a revolt by officers just returned from the United States.

Angry crowds of unpaid public sector workers took over streets in the capital, burning cars. Electricity supplies were cut and most public services were halted by a combination of strikes and the protests. Dockers blocked access to the port of Balboa with containers and railway cars and looting broke out in the working class areas of the city.

Accounts of events at the barracks where the shoot-out occurred with the Defence Forces were confused. Some reports insisted there had been casualties. Gen Noriega's supporters at

Continued on Page 18

Gorbachev seeks naval freeze in Mediterranean

BY OUR FOREIGN STAFF

MR Mikhail Gorbachev, the Soviet leader, yesterday proposed warships and naval exercises and a three-point plan for reducing tension in the Mediterranean. Measures could be drafted to including a freeze on the number ensure the security of international shipping.

Moscow said last year that it would withdraw its naval forces from the Mediterranean if the US did the same, but the proposal brought no positive response from Washington. Mr Gorbachev said the offer was still valid.

Western diplomats said the proposals were a gesture of support for Yugoslavia. Belgrade has expressed frequent concern over the build-up of naval forces in the Mediterranean.

Mr Gorbachev said that the most explosive regions of the world, an intricate knot of conflicting interests abounding in huge military arsenals which are continuing to grow.

'Reaffirming our readiness to withdraw the Soviet naval forces along with those of the US from the Mediterranean, we suggest that this should not be put off indefinitely,' he said.

He said he wanted to supplement previous Soviet ideas for reducing military tension in the area with three proposals:

- The number of Soviet and US ships and the naval potential of the two countries should be frozen from July 1 this year and ceilings set on their levels thereafter.

- The Soviet Union and the US could give each other advance notice of their movements.

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Excerpts from Mr Gorbachev's speech, Page 2

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Leader, Jerry Rawlings, whose policies impressed the Western aid donors, Page 4

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EUROPEAN NEWS

De Mita tackles task of forming Italian coalition

BY JOHN WYLES IN ROME

MR Ciriaco De Mita, 60-year-old leader of Italy's Christian Democrats, today launches his first ever attempt to assemble a coalition government specifically aiming to assure the country a measure of stability over the next four years.

After accepting the mandate last night from President Francesco Cossiga, Mr De Mita begins the exercise with an apparently united party behind him, having brilliantly separated over divisions which, just a month ago, forced the resignation of Mr Giovanni Goria, the outgoing Christian Democrat Prime Minister.

But in the last few days the country's largest party has assumed a mantle of statesman-like responsibility designed to erase memories of the acts of regicide against Mr Goria and of the three political crises in seven months which engulfed him.

By pushing forward Mr De Mita to head Italy's 46th post-war government, the party is signalling its desire for the strongest possible version of the five-party coalition which has ruled since 1981 but which may be running out of breath as a political formula. He has been Christian Democrat secretary since 1982 and has never held a more senior office than Minister for Foreign Trade.

Mr De Mita knows that the key to his primary ambitions is held by his arch rival, Mr Bettino Craxi, the Socialist leader, who

has now lifted the veto on a De Mita premiership he imposed last July.

The Christian Democrat leader has prepared a strategic policy proposal based on political reforms, reducing the government deficit and preparing for the European Community's 1992 internal market deadline which Mr Craxi can accept in outline but which could founder when the two come to negotiate details. Mr Craxi is putting all emphasis on the need for policy agreements and now never refers to the five-party coalition as an essential and nor is he guaranteeing Socialist participation. After seeing President Cossiga yesterday he pointedly said that the level of the Socialist's collaboration would be "graduated" according to their judgment of the policies agreed.

This suggests that he may be starting out with the intention of standing outside the next government and can only be enticed in by rich gifts of ministerial posts. Mr Craxi himself has no intention of taking office and this may jeopardise the small Republican Party's participation. Mr Giorgio La Malfa, its leader, has been saying that the Republicans will have no part of another feeble coalition and that only a government containing all of the party leaders will have the necessary strength to face up to some very difficult public spending problems.

Budget deficit 7% lower than expected in France

BY GEORGE GRAHAM IN PARIS

THE FRENCH central government budget deficit totalled FF120bn (£11.5bn) last year, Mr Alain Duppe, the Budget Minister, said yesterday.

The outcome for the deficit, 7 per cent lower than the official target for the year and 15 per cent below the previous year's FF141bn deficit, was greeted with glee by Mr Jacques Chirac, the Prime Minister, who will aim for a further cut if he is elected president in the election which takes place in April and May.

After the FF115bn deficit projected in the 1988 budget, Mr Chirac plans a further reduction in the deficit to FF100bn, on top of FF15bn in tax cuts.

The central government deficit has therefore been cut to 2.3 per cent of gross domestic product, down from a peak of 3.6 per cent in 1984. The total tax burden including social security contri-

butions and local taxes, however, has risen slightly over the same period, from 44.6 per cent of GDP to 44.7 per cent. At the same time, the social security system has fallen into deficit.

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Brussels seeks to boost high-tech collaboration

BY WILLIAM DAWKINS IN BRUSSELS

THE EUROPEAN Commission is working on details of a package of tax reforms, investment incentives and easier accounting rules to help boost trans-frontier collaboration between small high technology businesses.

Mr Abel Matutes, the Spanish Commissioner responsible, said the aim was to attract more private sector venture capital into the "grey area" between pre-competitive research and projects nearing commercial marketability.

The main part of the package would be the establishment of a EC-funded guarantee, which would insure private venture capitalists against possibly 50 per cent of the investment losses caused by companies qualifying for the scheme. The guarantee would be partly funded by an insurance-type premium, partly paid by the Commission.

He emphasised that Brussels would be making no investments on its own account, acting

instead as a "catalyst" for private investors, who would supply the equity finance. He envisaged a fund, or group of funds, amounting to at least £100m-£200m (£67m-£133m), to allow investors to spread what will inevitably be high risks. Subjects for investment could be drawn from companies which were either too near commercial viability to qualify for EC-funded pre-competitive research or from ventures which had completed such programmes.

The Commission is planning to produce proposals early next year to introduce so-called tax "transparency" to venture capital funds, a move which will make it simpler and more profitable to set up risk investment companies.

Mr Matutes announced plans for a Commission database of financing opportunities for small high technology projects across the EC, to be launched this year.



Mikhail Gorbachev: three-point plan

Soviet plan to ease Mediterranean tension

BY OUR FOREIGN STAFF

MR MIKHAIL GORBACHEV yesterday made a wide-ranging speech to the Yugoslav Parliament in which he accused NATO leaders of trying to revive the Soviet Union's Cold War image and offered a three-point plan for reducing US and Soviet tensions in the Mediterranean.

The following are edited excerpts from his speech:

● **The Mediterranean.** Today the Mediterranean is one of the most explosive regions of the world, an intricate knot of conflicting interests abounding in huge military arsenals which are continuing to grow. There is no other enclosed sea with the same concentration of naval forces.

For us, the Mediterranean is not remote, out-of-the-way area. It is close to our southern borders, and it is crossed by the only sea routes linking our southern ports with the world's oceans...

"Along with the earlier Soviet proposals to reduce military potential in the Mediterranean area, we would like to advance additional proposals for consideration to the international community."

"Reaffirming our readiness to withdraw the Soviet naval forces along with those of the US from the Mediterranean, we suggest that this should not be put off indefinitely... and that as a first step, the number of ships in the two countries' naval potential here should be frozen as from July 1 this year. Thereafter, ceilings would be set for them."

"Second, even before general confidence-building measures are agreed upon in the spirit of the Stockholm accord, the Soviet Union and the United States could give each other and all the other Mediterranean countries

advance notice of any redistribution of warships and of naval exercises. They could also invite observers to them."

"Third, our country will fully support the elaboration by Mediterranean and other interested countries of principles and methods assuring the security of intensive shipping, especially in international straits."

● **Nationalist unrest.** Mr Gorbachev also referred to the recent nationalist unrest in the Soviet Union.

"We will have to examine thoroughly the question of improving inter-nationality relations, one of the most important and delicate issues in a multinational country such as ours. Basic positions here are firm."

"Recently, when the 70th anniversary of the Great October Revolution was formally celebrated

in Moscow, we spoke with a justified sense of gratification of the results of the Leninist nationalities policy of how much had been done in the country to upgrade the economy and culture of the many peoples inhabiting our land, so that they might live in friendship and accord."

"Whatever constituent or autonomous republic or region we take, it is now bound by thousands of threads to all other parts of the country, and it has indis-soluble links within the integrated economic and political complex... It would be a mistake, however, to regard the life of nations and relations of nations as something settled once and for all."

"There are certain difficulties inherited from the past; there are problems that emerged in the course of time prompted by

changes in economic life and social relationships and in the consciousness of people."

"We are determined to secure democratic solutions to these problems which would correspond to the interests of each and every nation and in the family of Soviet nations and our entire socialist society."

● **Nato.** "Several Nato leaders tried to link the unlinkable - the agreement on mid- and short-range missiles with calls that it be compensated with the hoarding of other weapons. Calls for reducing conventional weapons with the insistence on defence by dogmatists of nuclear force."

"(This appeared to be a reference by Mr Gorbachev to formulations drafted by leaders of the Western alliance at a Nato summit in Brussels this month.)

Soviet communist calls publicly for more 'glasnost' in party life

A MEMBER of the Soviet Communist Party has issued a remarkable public appeal for an end to the domination of the party by the leadership's "apparatus" and for more democratically elected party officials, writes Leslie Collett in Moscow.

The call for "more glasnost in party life" comes three months before the holding of an extraordinary Soviet party conference which may extend the political and economic reforms begun by Mr Mikhail Gorbachev.

Mr Alexander Sukhanov, a delegate

to the party congress in 1986, said no one in the leadership paid any attention to rank-and-file members. Writing yesterday in a leading reformist newspaper, Moscow News, he said that after Lenin's death the influence of "official" party communists was transferred to the party apparatus. "In the early years after Russian Revolution he noted the word Bolshevik never meant 'an official'."

Mr Sukhanov complained that delegates to regional party conferences are routinely handed a list of the "future

composition" of the regional party organisation. "How many of them can, as Lenin put it, choose or not choose (candidates) with this knowledge?" he asked.

Two years into perestroika, he said the party was still more likely to agree with the secretary of a party committee on a controversial question than with the rank-and-file opponent. Until the voice of the ordinary communist was heard "passivity in our ranks" will continue, he said.

Mr Sukhanov's implicit criticism of

the vertically structured Soviet party, where orders come from the top, is very close to that expressed by Polish communists in 1981 and recently by a reform-minded senior Hungarian official, Mr Imre Pozsgay. However, it is one thing to suggest a greater role for the grassroots party membership in Eastern Europe and another to do so in the Soviet Union. Western diplomats said Mr Sukhanov's views enjoyed support in the party leadership then the implications for the Soviet system were far reaching. Moscow News,

which is published in Russian and foreign languages, frequently serves as a platform for iconoclastic views which are sharply attacked by conservatives in the party.

Mr Sukhanov criticised the secrecy surrounding plenary meetings of the party's powerful central committee and the politbureau headed by Mr Gorbachev. He asked how a rank-and-file member or the party as a whole could judge the merits of a Central Committee member without knowing what his position was at meetings.

Carlucci in long talks with Yazov

By William Duffell in Bern

MR FRANK CARLUCCI, the US Defence Secretary, and General Dimitri Yazov, the Soviet Defence Minister, spent more than eight hours together yesterday in the Swiss federal capital, exploring the motives behind their countries' military doctrines and discussing outstanding arms control issues.

A US spokesman said the tone of the talks had been "very positive, co-operative and candid". The US was pleased with the way things were going.

Doctrines had been discussed at considerable length, and defence budget processes, particularly that of the Soviet Union, had been examined.

Other subjects raised were verification regimes for the recently concluded treaty scrapping intermediate-range nuclear forces (INF) and for the strategic nuclear arms treaty (SALT) now under negotiation in Geneva.

General Yazov brought up the question of "asymmetries" in forces levels between Nato and the Warsaw Pact which preoccupy the US and its allies but are contested in Moscow.

More substantive assessments of this first dialogue between the superpowers' defence chiefs since the Second World War are expected to be made today.

The aim of their meeting was to have useful discussions without the pressure of negotiating, Gen Yazov said. Both announced before leaving their capitals that they would not conduct parallel negotiations to those taking place in Geneva on nuclear arms control and Soviet disengagement from Afghanistan.

They had agreed a four-point agenda, including examination of changing military doctrines, ways of avoiding dangerous military incidents, arms control matters and the possibility of intensifying military-to-military contacts.

The US is laying special stress on trying to obtain a form of agreement with the Soviet Union on how to prevent military incidents.

Moro's ghost stalks Italian political scene 10 years on

BY JOHN WYLES IN ROME

ITALIANS yesterday remembered the tenth anniversary of the kidnapping of Aldo Moro, the incinerating trauma which was both the end of domestic political terrorism and the severest post-war test of the country's institutions.

Some political leaders attended a memorial Mass and others laid wreaths on a commemorative stone in the Via Mario Fani in a northern suburb of Rome. There on the morning of March 16 1978, Red Brigades terrorists shot dead Mr Moro's five-man escort and spirited away the president of the Christian Democrat party and five times former prime minister.

On the morning of May 9, he was put into the boot of a Renault 4 and shot dead. The car

was then left, with pointed symbolism, mid-way between the Christian Democrat and Communist parties' headquarters. Mr Moro had pioneered the historic alliance with the Communists which was underpinning the government of the day led by Mr Giulio Andreotti.

Delivering the verdict of history 10 years on, Italian commentators were agreed yesterday that the government supported by the main parties except Mr Bettino Craxi's Socialists, had been right to refuse to negotiate on the terrorists' conditions for Mr Moro's release.

In one of his several moving letters pleading with the Government to come to terms, Mr Moro predicted a "terrible spiral" leading to the collapse of Italian soci-

ety if he was sacrificed. Things, however, have gone rather differently.

"Never in the 40-year history of the republic have ideological passions been so smothered and the political forces, even if engaged in a furious struggle for power, so substantially solid in defence of the system," writes Mr Enzo Forcella in yesterday's *La Repubblica* newspaper.

Yet, as the same writer points out, the traditional Italian reluctance to go to the root of things, has left many aspects of the affair unexplained, particularly the bungling role during the search for Mr Moro by the secret services whose chief officers, it was subsequently learned, were all members of the sinister P2 masonic lodge, uncovered four

years later as a potentially serious threat to the state and its institutions.

Significantly, neither Italian intellectuals, nor the media, have been much disposed to question their own role in fostering a benign climate for left-wing terrorism in the 1970s. Two many of the former indulged the Red Brigades as committed radicals who were "in error", while the latter too often satisfied the terrorists' hunger for publicity without ever truly investigating their organisations and activities.

This collaborative syndrome has by no means disappeared. Newspapers still compete to interview Red Brigades leaders in their prison cells and only recently sparked a debate, gratingly offensive to the families

of victims, about whether some were not now ready to be pardoned.

Also echoing the past, Mr Leonardo Sciascia, the ex-Communist writer turned Radical, who coined the chillingly equivocal phrase, "Neither with the state nor with the Red Brigades", during the Moro kidnapping, turned his fire last year on leading the anti-Mafia fight in Sicily, claiming that they were succumbing to the temptations of self-glorification.

Since Aldo Moro's death 344 people have died in terrorist incidents, 228 of them ordinary civilians. During the same period, 1,427 left-wing terrorists have been arrested while there are still 209 covered by arrest warrants but living abroad.

W German arms cash for Turks

By Jan Bédgen in Ankara

WEST GERMANY is to provide special armaments aid worth DM500m (£188m) to Turkey, the framework of Nato, the money follows a joint communiqué from alliance members after the summit earlier this month calling for increased assistance to countries like Turkey.

The package was first discussed during a state visit to Ankara in 1985 by Chancellor Helmut Kohl, Turkey's ambassador to Bonn, Mr Oktay Isen, and the West German Foreign Minister, Mr Jürgen Schulhoff, signed the agreement yesterday.

The funds cover the purchase from West Germany of 150 surplus Leopard 1 tanks, together with eight salvage vehicles. The one-off grant is in addition to the aid West Germany agrees within Nato every one and a half years for Turkey, as it does for Greece and Portugal.

Turkey wants to modernise its ageing fleet of around 3,000 tanks, many of which are of Korean War vintage. It already has about 77 Leopard tanks negotiations on manufacturing them in Turkey have been hampered by West Germany's fears that they might be exported to for offensive use outside Nato.

'Eurocops' give TV audiences taste of Euro co-operation

BY RAYMOND SNOODY

A NEW KIND of copshow will hit the television screens of Europe this autumn which will owe little to Los Angeles or New York and where the action will not be dominated by screaming tyres and smoking guns.

"Eurocops", which will be shown simultaneously by six of Europe's public service broadcasters to a potential audience of 250m is the first fruits of the European Co-Production Association whose chief officers, it was subsequently learned, were all members of the sinister P2 masonic lodge, uncovered four

bahn aerosol artists who accidentally witness a murder in Cologne.

"It is the differences which will be the really exciting thing for the audience," predicts Mr Wolf gang Bernhard, a senior ZDF executive. The association is so pleased with "Eurocops" that six more have been commissioned.

For European broadcasters, facing growing competition from cable and satellite services, growing production costs and government reluctance to increase licence fees income, the economics of "Eurocops" are just as exciting as the drama on the screen.

Channel 4, RAI, ORF, ZDF and the other association members. Antenne 2 of France, and SRG of Switzerland each contribute DM15m towards the "Eurocops" package. The association has now been joined by RTVE of Spain.

"I get six programmes for the price of one," says Mr Wolf gang Bernhard, director of Channel 4, although there are additional costs such as high quality dubbing into the languages of Association members.

Other drama projects now under way include a ZDF eight-hour series called "Eurocops" which follows the lives of Europe's high technology research workers, and "Rally", an Italian look at the

world of international motor racing.

Six hours have also been commissioned of "Managers", a Channel 4 story about a woman who becomes the manager of a football club. "I think it is tremendously efficient and far better than buying American drama off the shelf," said Mr Dukes.

The association is also planning to make documentaries, arts and music programmes and programmes for children and young people. There is also considerable interest in a four-part series on the campaigns of Alexander the Great.

Mr Bernhard concedes that it has taken time for the members to get to know each other, some work better than others and there are still a few styles of television. In Italy, for example, more violence is shown on screen than in either the UK or West Germany.

Despite that, he believes the advantages are remarkable. The association will import a better mutual knowledge and understanding, he says.

Spanish pay guideline challenged

By Peter Bruce in Madrid

THE SPANISH Government's insistence on a 4 per cent public sector pay ceiling this year is coming under increasing pressure as a wave of strikes, led by one involving virtually all the nation's teachers, begins to bite.

More than 90 per cent of all 270,000 non-university teachers stopped work yesterday in support of a pay demand which closed schools across the country for two days last week as well. The teachers, who want their pay to match other civil servants, are due to strike again today.

However, the teacher's action is only the most obvious of dozens of smaller disputes affecting industry in the regions. A pay strike by construction workers in Barcelona for four days this week resulted in overwhelming support, say the unions.

In Madrid, refuse workers are in dispute with employers who run service contracts with the city. A public transport strike last week meant many commuters on foot or in cars and brought even more chaos than usual to the capital's busy streets.

The Government does not appear to be rattled, however. Many seasoned observers believe that many months of the year have become merely a period of wage restlessness as pay negotiations get under way around the country. The Education Ministry said yesterday it would not talk to teachers while they continued their strike action.

February figures showing the first fall in unemployment in the month since 1971 will only strengthen the Government's resolve. The Labour Ministry said the figures showed that, despite unemployment reaching a record 3m (a statistic now being disputed) by the end of last year, jobs were being created.

A compromise move to shut atomic reactors over 20 years has angered both environmentalists and industry, says Sara Webb

Sparks fly over Swedish decision to phase out nuclear power

AFTER MONTHS of internal debate, Sweden's Social Democratic government has arrived at a compromise decision on phasing out nuclear power which pleases almost nobody.

The government plans to close two of the country's 12 nuclear reactors early, one in 1995 and another in 1996. The others will close before 2010. But while environmentalists want nuclear power completely phased out within three years, industrialists have warned that closing nuclear reactors will cripple certain industrial sectors.

Pulled from one side by the blue-collar unions, who fear job cuts in the electricity-dependent industries and who therefore favoured a delayed closure programme, and from the other by the environmentally-conscious youth, women's and Christian movements, Mrs Birgitta Dahl, the Energy and Environment Minister, has been forced to take the middle way.

Sweden was already committed

to phasing out nuclear power by 2010 by a referendum held in 1980. But after the Chernobyl disaster and in the face of a rising threat from the Greens, the government has felt forced to polish up its environmental credentials and speed up the closure programme.

In this September's general election, the issue of energy and the environment will loom large. Recent opinion polls indicate that about 5 per cent of those polled are wavering between voting for the Greens or the Social Democrats, and that the Greens now command enough support to enter Parliament. They could hold the balance of power between the Socialist and non-Socialist blocs in future, especially if the Communists - traditional allies of the Social Democrats - fail to get in.

Those who oppose phasing out nuclear power have loudly voiced their criticisms. A post-Chernobyl panel of experts set up to examine the question of nuclear

power concluded that Sweden's 12 nuclear reactors were of a sufficiently high safety standard, and warned that closing down reactors rapidly would entail enormous costs for industry.

Industrialists warned that closures would lead to sharp increases in electricity prices. This would reduce the international competitiveness of the pulp and paper, chemicals, steel and iron mining industries, and would limit their expansion at home and abroad.

The director-general of the State Power Board added that the closure programme would cost SKr100bn altogether, while a study by the Energy Board suggested that up to 60,000 jobs in the electricity-intensive industries might suffer if companies close to cut staff.

The government rejects these "estimates" as the "propaganda of interested parties" though it has pledged to study how the problems facing industry can be reduced through subsidies or

other measures. The government must also decide how to replace nuclear power, which produces 50 per cent of Sweden's electricity. It is hoped that when the first two reactors are phased out, the shortfall can be made up through energy conservation, helped by

After Chernobyl the Government has had to polish up its environmental credentials and speed up closures

the development of advanced technology. But towards the turn of the century, Sweden will have to replace the other reactors, with the emphasis on environmentally acceptable energy sources.

Today, hydro-electric power provides just under 50 per cent of electricity needs - or about

50TWh (tera watt hours). A further 2TWh could be added from a few small rivers, but it is unlikely that Sweden's four large unexploited rivers - which are situated in areas of great natural beauty - would be touched. Even if they were used, they could only add about 20TWh to Sweden's nuclear power currently provides 60-65TWh.

Windpower exists on a very small scale, providing electricity for clusters of houses in Gotland and Skåne. The potential for solar power appears limited, especially in view of reports that Sweden received only five hours of sunshine during the whole of last January.

Coal-fired power stations are being discussed with interest, though tight environmental demands preclude some models. But the most promising alternative is natural gas which today only meets 1 per cent of Sweden's energy needs. According to a report from the National Energy Board, start-up and maintenance

costs for gas power stations are lower than those for coal power stations.

Since 1985, Sweden has imported natural gas from Denmark through pipelines up the south-west coast as far as Gothenburg. The plan is to extend the network across central Sweden to Stockholm by 1992/93 where it could eventually be extended to meet up with the network in Finland used for importing Soviet gas.

Swedegas, the gas import/transporter for the gas project in south-west Sweden, believes that natural gas could eventually meet 15-20 per cent of energy needs in prime areas. However, it has stressed the need for a choice of suppliers. When it signed its first contract with the Danish supplier, it made no allowance for price falls. The result is that it has been paying at least 20 per cent more than it should.

Sweden has held discussions in the last 15 months with both the Soviet Union and Norway who

are interested in supplying natural gas. The Soviet Union recently signed a protocol agreement with Axel Johnson, the Swedish trading group, concerning the delivery of 400m cubic metres of Soviet natural gas via West Germany and Denmark. Together with OR Petroleum, Axel Johnson will import a further 1.5m cubic metres via Finland.

However, it is uncertain whether such deals can be financially worthwhile. High tariffs would have to be paid for importing the gas via West Germany and Denmark. And while there are discussions about importing from the Norwegian Hålbakken field, the question arises of who will bear the cost of building pipelines and whether it would be commercially viable for the Norwegians.

For the moment the Swedes have chosen not to commit themselves. In a buyer's market, they can afford to play one suitor off against another.

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AMERICAN NEWS

Senate approves far-reaching law on immigration

By Stewart Fleming, US Editor in Washington

THE US Senate has overwhelmingly approved a far-reaching reform of US immigration laws aimed in part at stimulating the brain drain from Western Europe and other industrial countries.

By a vote of 88 to 4 the Senate approved a bill which would put an annual cap on immigration of 500,000. The new ceiling, allows for 100,000 more immigrants than entered the country last year, and is specifically designed to encourage immigration of highly skilled foreigners.

This is expected to stimulate immigration from advanced industrial countries, although highly skilled workers from other areas of the world, Africa for example, could also qualify.

Since 1953 when the last major reform of laws governing legal immigration was passed, immigration from Western Europe has declined sharply. That legislation eliminated the national origin quotas which had stimulated immigration from Europe. The quotas were based on the national origins of the existing American population, the bulk of whom had come into the country from European countries in the previous two centuries. Instead the law emphasised equal treatment for all areas of the world

US industry expands faster than expected

By Anthony Harris in Washington

US INDUSTRIAL growth is expanding slightly faster than expected and there are signs of a recovery in the depressed housing market, according to figures released yesterday.

These positive figures gave some edge to a judgment from Mr Alan Greenspan, the Federal Reserve Board Chairman on Tuesday that the US economy was doing well "and perhaps too well" after the October crash, and a warning that inflationary bottlenecks might develop. Bond prices eased after the new statistics appeared.

The estimate of industrial production from the Federal Reserve showed an increase of 0.2 per cent during February, a moderate pace, but the estimates for December and January were each revised upwards by 0.1 per cent, raising growth in the last three months to a full percentage point, or a 4 per cent annual rate. This is considerably stronger than the market had been expecting, even after the recent round of upward forecast revisions.

The housing figures from the Department of Commerce showed a considerable recovery from the January levels, both in private housing starts and in new building permits, though levels are still sharply lower than in February 1987.

New starts rose 9 per cent from January to an annual rate of 1.49m, and new permits by 12 per cent to an annual rate of 1.40m. These levels are still 17 and 18 per cent, respectively, below the 1987 level. The new starts rate is subject to a large sampling error, but the figure for permits is regarded as reliable. A recovery has been widely forecast, but the new figures are at the upper end of market expectations.

It is the industrial figures which are likely to concern the Federal Reserve. In his appearance before the Joint Economic Committee of Congress on Tuesday, Mr Greenspan emphasised that the Federal Reserve must be alert for signs of inflationary pressures building up in industry, and cited the current record level of unfilled orders, and strengthening delivery periods, as a warning sign.

That dispatch to the president in the real economy may mark some change of stress within the Federal Open Market Committee, which was thought until recently to have placed its main stress on financial factors in judging its policy stance.

The strength of the bond market, keeping the yield curve fairly flat, coupled with a stable dollar and weak commodity prices, were all read as signs that monetary policy was on track, but the Chairman's remarks will give a new importance to output and capacity utilisation figures in market expectations.

POLITICAL BRIDGE-BUILDER AND KEY SUPPORTER OF HUMAN RIGHTS Uruguay pays tribute to 'Wilson'

THE DEATH of Uruguay's top opposition leader is a big loss for the government of President Julio Sanguinetti and the country's rekindled democracy, according to senior politicians this week. Reuter reports from Montevideo.

"I always had him at my side," Mr Sanguinetti said in a special session of parliament after the death of Tuesday of Mr Wilson Ferreira Aldunate. "Without discussing minor points, he knew how to give the Government space so that it could carry forward its solutions."

The charismatic National (Blanco) party leader, known popularly as Wilson, died after an eight-month battle with lung cancer. The Government declared a day of mourning as thousands filed by Mr Ferreira's flag-draped coffin at the metropolitan cathedral.

Mr Ferreira, despite the debilitating effects of chemotherapy,

stayed at the head of his party to the end, but he left the political scene at a crucial juncture.

Uruguay this month entered its fourth year of democratic rule, rebuilt from the ruins left by military governments that held power over the previous 12 years.

At the centre of much of the political debate in the early years of democracy was the emotional issue of how to deal with armed forces officers accused of human rights violations under military rule.

In December 1986 parliament approved a Government-sponsored amnesty as military officers defied Mr Sanguinetti with a refusal to go before civilian courts on human rights charges.

The amnesty bans trials of all officers alleged to have committed human rights violations during military rule between 1973 and 1984. It provided for the prosecution of officers who committed economic crimes.

Mr Sanguinetti received the key support of Mr Ferreira, who carried with him most of the National party in the riotous session in which the law was approved.

Mr Ferreira, admitting the stance was politically costly, said the amnesty was needed to stave off a military coup.

"We can reassure ourselves that we have faced - not the responsibility, God forbid - but a reality created and imposed by others," Mr Ferreira said after the vote.

Politicians said Mr Ferreira's amnesty vote was particularly poignant due to the persecution he suffered under military rule. He survived jail, exile and a kidnapping attempt.

On his return to Uruguay in 1984, the armed forces feared a popular uprising and so deployed tanks, troops and helicopters. Mr Ferreira was promptly arrested

and banned from standing for the presidency.

In 1987 the human rights issue, orphaned by Mr Ferreira, regained momentum on the strength of a petition for a referendum against the amnesty. The sponsors of the petition say more than a quarter of the nation's voters have signed it.

The nation's electoral court for three months has been reviewing the petition to determine the authenticity of the signatures. A decision is expected before mid-year on whether the referendum will be held.

Mr Sanguinetti has said he does not think the referendum would succeed, even if it went to a vote.

But in recent times divisions have grown in Mr Ferreira's party as his leadership declined on his illness, due to the divisive amnesty issue and the jockeying for position within the party for the 1989 general elections.

Ozone layer dangerously thin, warns Nasa study

By Nancy Dunne in Washington

THE WORLD'S protective ozone layer has become dangerously thin in the last two decades, according to a study by the US National Aeronautics and Space Administration, which attributes much of the damage to man-made chemicals.

US and United Nations scientists who prepared the study said the threat of skin cancer, eye injury and other damage is so great that "draconian" measures are needed.

The US Senate on Monday ratified a treaty drawn up by 31 countries last September which would restrain the use of chlorofluorocarbons and other chemicals.

However, Dr Robert Watson, the Nasa scientist who chaired the panel which prepared the new report, said stronger measures would be needed to protect the ozone shield.

"Things are worse than we thought," he said.

There has been a long-term change since 1969 that has not been recognised before, Dr Watson said. The ozone layer filters out much of the ultraviolet solar rays which cause skin cancer.

The new study found a decrease of as much as 3 per cent in the ozone since 1969 over cities in North America and Europe.

The losses were even worse - as much as 6 per cent - during the winter in the northern latitudes.

Scientists had already been worried about the "hole" in the ozone layer over Antarctica, where last year ozone levels dropped by more than 50 per cent.

Date announced for first auction of Brazilian debt

By John Barham in Sao Paulo

THE FIRST auction of Brazilian debt will be held on March 29 at the Rio de Janeiro Stock Exchange, Central Bank and stock market officials said yesterday.

Foreign bankers based in Brazil applauded the announcement and said the Government had finally shown its commitment to the principle of debt conversion after nine months of indecision.

Creditor banks will bid for the right to convert their unwanted Brazilian assets into local equity by offering a government auctioneer the lowest discount on their paper.

For the first auction at least, the Central Bank will not demand a minimum discount of the face value of Brazilian debt. Brazilian loans now change hands at 50 per cent below face value. However, the Government is likely to stipulate a minimum discount for future auctions.

Creditors that win the right to convert their loans will have to channel the proceeds into newly-established conversion funds, which operate like mutual funds. The conversion funds cannot hold more than 5 per cent of a company's ordinary stock and not more than 20 per cent of a company's entire capital.

Some operation details have still to be clarified. For instance, the Central Bank is only expected to decide by the end of this week what the monthly ceilings on conversions is to be. It will also say which sectors will be off bounds to foreign investors.

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Bolivia to buy back debt at 11% of face value

BOLIVIA'S creditor banks have offered to sell back \$300m of debt at 11 per cent of face value, Mr Fernando Illanes, the country's Energy Minister said yesterday, Reuter reports from La Paz.

Mr Illanes said that the debt, which together with waived interest and charges would come to a little more than \$500m, would be cancelled by a payment of around \$33.5m.

He said Bolivia would buy back the debt paper once the co-ordinating committee of Bolivia's 313 commercial bank creditors certified the funds to be used to pay it. Mr Illanes said Bolivia would seek to renegotiate the rest of its \$670m commercial debt, part of a total foreign debt of \$4.1bn, at some time in the future.

Under the unprecedented scheme, the International Monetary Fund (IMF) set up a fiduciary fund to receive donations from friendly countries to allow Bolivia to buy back the debt at around its international secondary market rate.

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D'Aubuisson tries to end death squad image

THE MARIACHI BAND played La Bamba, the cheerleaders waved red, white and blue pom-poms, and the crowd chanted "D'Aubuisson, D'Aubuisson," Reuter reports from El Salvador.

Women pressed up to the front of the stage as though waiting for a pop star, not a man widely accused of organising anti-communist "death squads" in the early 1980s.

When Mr Roberto D'Aubuisson addressed an election rally in this western city there was no doubt the former army major was still the power behind El Salvador's right wing.

But the campaign for National Assembly and mayoral elections on March 20 has thrust the Nationalist Republican Alliance (Arena) leader into the limelight again.

His curly hair is greyer, his face more pinched and his hands shakier than the days when he used to appear on nightly television to denounce suspected subversives.

He still breathes anti-communist rhetoric but his campaign pitch aims for the people's vote under the slogan "change for the better."

A leader of his party and a candidate for its assembly seat, he promises jobs for all, talks to poor housewives about the high cost of beans, and says the long war against left wing guerrillas must end so that Salvadoran boys can stop dying.

He even agrees with the left on some issues - accusing the ruling Christian Democrat party of incompetence, corruption, and selling out the country to the US.

Polls show Arena could cut the Christian Democrats' National Assembly majority.

Political analysts say Arena has tried to move away from its reputation for violent extremism and cultivate a more moderate image.

Until campaign time, Mr D'Aubuisson was kept in the background and Mr Alfredo Cristiani, the party president, was its main spokesman.

Last November, President Jose Napoleon Duarte accused Mr D'Aubuisson of ordering the 1980 killing of Mr Oscar Romero, the Archbishop of San Salvador.

He has also been accused of masterminding the death squads that killed thousands at the start of the decade.

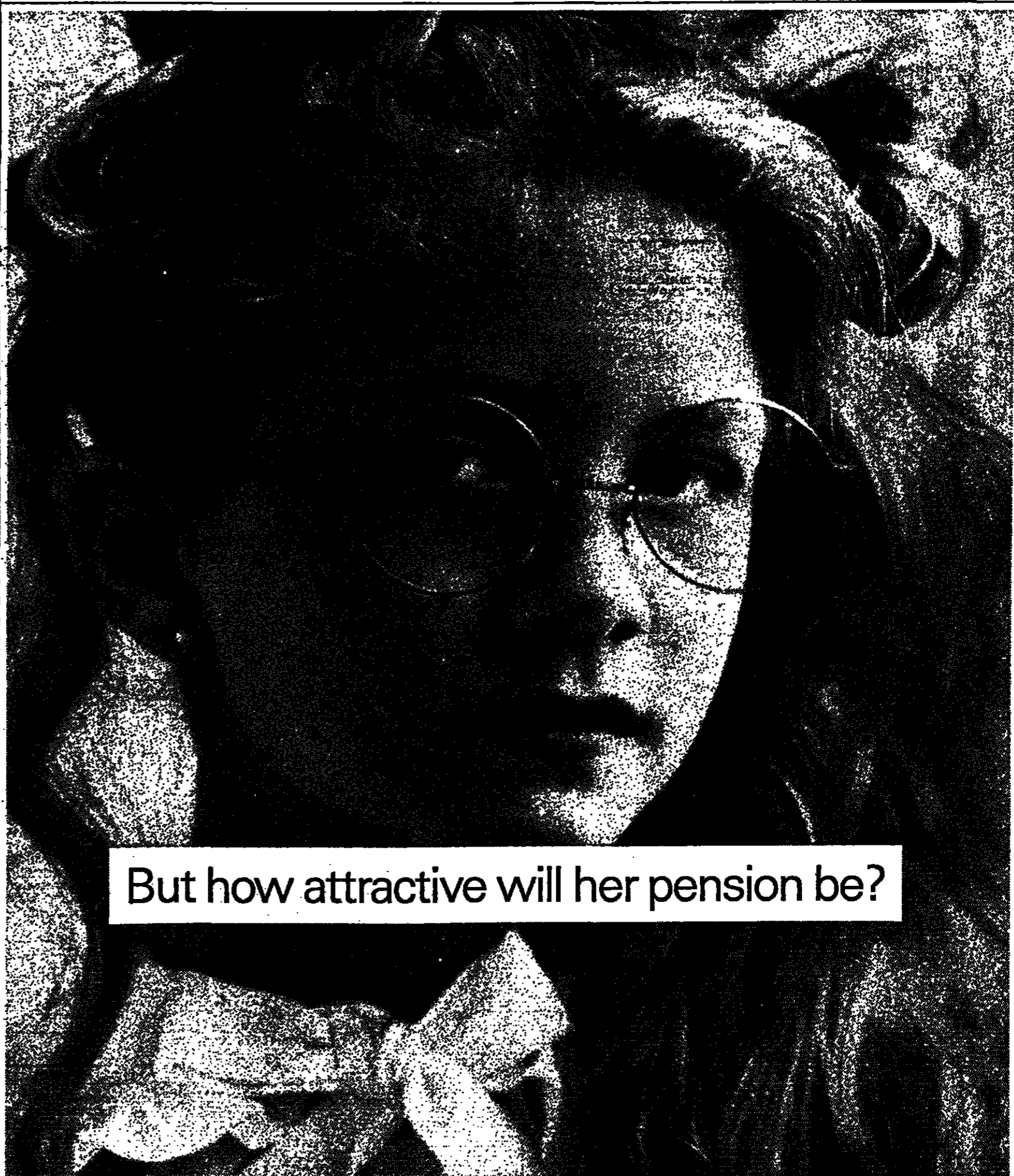
Mr D'Aubuisson declines to use

the term "death squads" and has long denied accusations that he organised them. He explains the reign of terror as self-defence by civilians against communists.

The Christian Democrat campaign has played up Arena's shady past, however, with radio spots denouncing its leaders as killers and kidnappers. One cartoon depicts Mr D'Aubuisson holding a smoking gun and standing over a bleeding corpse.

A number of Salvadoran voters see nothing wrong with Mr D'Aubuisson. He cultivates a macho image, preferring jeans and sports shirts to a suit, and often packing a pistol on his hip.

He headed the National Assembly from 1982 to 1984 and came close to beating Duarte in the 1984 presidential contest.



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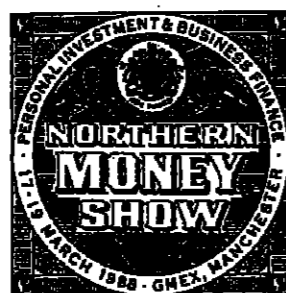
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OVERSEAS NEWS

Botha tells Tutu he will not intervene in Sharpeville six case

BY OUR JOHANNESBURG CORRESPONDENT

PRESIDENT P.W. Botha yesterday appeared to rule out personal intervention in the case of the condemned "Sharpeville Six" in a 40 minute meeting with Archbishop Desmond Tutu.

A spokesman for the Anglican Archbishop of Cape Town said: "President Botha said that if something emerged from the court process which necessitated a review, he would review, otherwise no prospects for a reprieve were held out."

The meeting between the two men, which followed a request by Archbishop Tutu, took place at the President's Cape Town office. Whether such a legal loophole is found will depend on the outcome of a last ditch effort mounted yesterday by lawyers acting for the group, who are due to be executed tomorrow.

The Pretoria Supreme Court was told that one of the witnesses in the trial of the six, sentenced to death in 1984 for complicity in the mob killing of a black township official, had

admitted in a sworn statement that he had lied after being assaulted by police. A lawyer for the group said that this new evidence "throws into question the whole investigation" of the killing.

The judge, however, said that substantially more detailed evidence would be required if the executions were to be stopped, and gave the defence team until today to make a further submission.

Worldwide appeals for the sentences to be commuted, including messages from President Reagan and Prime Minister Margaret Thatcher, are being considered by President P.W. Botha. Western diplomats expressed doubt that Mr Botha would respond.

The UN Security Council yesterday unanimously urged the "racist" South African government to stay the executions of six blacks scheduled to be put to death on Friday and commute their death sentences, AP reports.



Jerry Rawlings: Impressed western aid donors

Stephanie Gray looks at reactions to economic reform in the once coup-prone country

Ghana holds the line on Rawlings' revolution

A GANG of workmen turned up at Accra's main market recently and announced that the power would have to be shut off between 6pm and 8am the next morning for repairs. It would be a bit like a curfew, they explained.

Within half an hour rumours of a coup had taken hold and the streets of the Ghanaian capital were clogged with traffic as people hurried to their homes.

The incident illustrates how fragile is political stability six years after Flight Lieutenant Jerry Rawlings came to power in this once coup-prone country, which has been suffering from "adjustment fatigue" under an International Monetary Fund-sponsored Economic Recovery Plan which he began in 1983.

Ghana's leaders could take solace from the fact that the populace did not start dancing in the streets at the apparent end to a regime blamed for the "Rawlings necklace" phenomenon - the protruding collar bones of hungry people. Though this is often attributed to the IMF medicine, it is probably caused more by Nigeria's expulsion of 1m Ghanaians, which coincided with beginning of the programme.

Western aid donors have been impressed by the way the Rawlings regime has managed to hold

the line for so long while others on the continent - Sudan, Liberia, Zambia and Guinea - have been forced by political considerations to drop IMF-backed programmes and many others are teetering on the brink.

After 20 years of governments that were characterised by corruption, mismanagement, inefficiency and neglect, Ghana's Provisional National Defence Council instituted economic reforms, against formidable odds, aimed at bringing the country back from the brink of collapse.

The first phase of reform (1983-86), supported by two standby arrangements with the IMF and considerable assistance from other bilateral and multilateral agencies, was aimed at reversing the decline in productive sectors, establishing fiscal and monetary discipline and rehabilitating economic and social infrastructure.

The second (1987-89) is designed to consolidate gains from stabilisation of the economy through a programme of structural adjustment, further easing of exchange and trade regulations, better cocoa producer incentives and more public spending, particularly on health and education.

The effects have been dramatic. The national currency, the cedi, has been devalued nine times. In 1983 it was valued at 2.76 to the US dollar; it is now at 181 to the dollar. Triple-digit inflation rates have been brought down to around 35 per cent. Producer prices for cocoa, the mainstay of the economy, have increased by 85 per cent.

Gross domestic product has risen by an average 6.3 per cent a year. Export earnings are up from \$440m in 1983 to an estimated \$950m for 1988.

None of this has been achieved without hardship. State enterprise redundancies will reach almost 81,000, and the basic wage, despite big increases, remains at the equivalent of about 65p a day.

Moral probity on the part of the government has been a principal reason why Ghana has avoided any backlash, particularly on the part of organised labour. "It would be different if the people of Ghana felt that politicians were siphoning money away from their own accounts," says Dr Joe Abbey, the country's High Commissioner in London and, as former government chief economist, a principal architect of the Recovery Programme.

He maintains that the people could see that a real redistribu-

tion of income was taking place. Consumer goods that were only available in Accra, are now on sale in rural areas.

Another reason, perhaps, is that life has been tough in Ghana for almost 30 years. Unlike Nigeria, people's expectations are not all that high. There are also signs to have been some arrangement with union leaders that allowed a 30 per cent wage increase, not mentioned in the January budget, to remain secret until it appeared in February pay packets.

With higher food prices because of last year's drought, and higher prices for petrol announced in the budget, the wage increase goes some way to compensate. But the year ahead still promises to be more difficult than most. It is a peak year for servicing Ghana's \$2.4bn foreign debt and the 1988 commitment of more than \$500m will amount to 75 per cent of export earnings.

Cocoa exports are expected to yield just \$420m and gold, despite good progress in re-rehabilitating, only about \$165m.

The main hope for surviving the foreign exchange squeeze is prompt disbursement of donors' commitments for the year. The IMF is due to release around \$170m from the SDR375.3m

(\$507m) three-year extended Fund facility and structural adjustment package agreed last November. Other multilateral and bilateral agencies have pledged about \$470m.

Another cause for optimism is the announcement in the budget that 40,000 public sector jobs are to be created through the so-called Programme of Actions to Mitigate the Social Costs of Adjustment (Pamsca). The scheme, which attracted \$55m from a donors' meeting in Geneva last month, recognises the widespread poverty and economic hardship that have, for some groups, been exacerbated by the Economic Recovery Programme and may, in turn, make the programme itself less sustainable.

The programme will support employment generating projects, including public works - rural housing, for instance, as a means of drawing people away from the urban areas to increase food, cocoa and gold production - and food-for-work campaigns that were so successful in absorbing Ghanaians ousted from Nigeria.

If the scheme is successful and the momentum of reform sustained, the Rawlings revolution may prove to be one of the most successful in Africa.

Hong Kong official in protest walkout

A HONG KONG debate on democratic reform got off to a stormy start yesterday with demonstrations and an unprecedented walkout, Renter reports from Hong Kong.

Chan Kam-chuen, a legislator, told the British colony's legislature he had no confidence in a Government policy document recommending direct elections in 1991 instead of this year.

He then walked out of the chamber, the first walkout by a lawmaker in the 145 year history of the legislature, to the bewilderment of his colleagues and Sir David Wilson, the Governor.

Sir David earlier dismissed a motion by liberal legislators calling for rejection of the White Paper introduced by the Government last month.

While the lawmakers were locked in a heated debate, more than 300 demonstrators gathered outside the legislature to protest against the policy document.

Carrying posters and placards, a spokesman for the pressure groups said the White Paper, if adopted, would mean the death of

democracy for Hong Kong, due to revert to Chinese rule in 1997.

The pressure groups said they were planning more protests today when liberal lawmakers were scheduled to speak against the White Paper on the last day of the debate.

Under a 1984 Sino-British agreement, China has promised "a high degree" of autonomy for Hong Kong and said the colony's capitalist system would not be changed for 50 years after 1997.

A HIGH COURT judge who delivered a controversial ruling after Hong Kong's most expensive trial has resigned, a Government statement said yesterday. It said that Mr Dennis Barker's resignation had been accepted, effective from January 1 1988, although he would continue to perform "non-judicial duties" until then.

Mr Barker came under strong criticism last September when he acquitted Mr George Tan, head of the now defunct Carrian property company, and six of his top aides of fraud charges.

UN Security Council demands halt to Iran, Iraq city attacks

BY OUR MIDDLE EAST STAFF

THE UN Security Council yesterday demanded that Iran and Iraq halt immediately their attacks on population centres.

A statement by Mr Dragoslav Felic, President of the council, on behalf of all 15 members, also called on the foreign ministers or their representatives of the two belligerent states to hold peace talks with Mr Javier Perez de Cuellar, Secretary-General.

The initiative came in the wake of another frenzy of reciprocal attacks which included, early on Wednesday, the launching of seven surface-to-surface missiles by Iraq against Tehran and five by Iran against Baghdad.

Mr Pelf's statement strongly reiterated the council's commitment to resolution 596 adopted last July calling for a ceasefire in

the conflict. It has still not been accepted by Tehran, which wants absolute priority given to a condemnation of Iraq for starting the war.

Members of the Security Council recognise that there is no real alternative to more talks - assuming that the combatants accept the Secretary-General's proposal. He plans to hold talks with the two countries in New York.

Earlier this week the Soviet Union gave up any attempt to win support for a resolution demanding an end to the "war of the cities" in the face of opposition from the three Western permanent members who are giving precedence to a mandatory arms embargo against Iran.

There were doubts last night whether Iran would respond posi-

tively to the initiative.

On Tuesday, Mr Mohammed Jafar Mahallati, Iran's Ambassador to the UN, delivered a protest to Mr Perez de Cuellar about the council's failure to take action to bring the missile attacks to an end. He accused the US of "wasting" the council's time by concentrating on the proposed arms embargo.

In the Gulf, a month-long hull in attacks on shipping ended abruptly yesterday as Iraqi aircraft attacked a Greek-owned tanker employed by Iran to supply crude.

In Tehran, the official Islamic Republic News Agency reported that Iranian forces had captured the border town of Kharmal, killing or wounding 1,150 enemy troops.

Vietnam claims Chinese navy attacked ships

AN OFFICIAL Vietnamese broadcast said yesterday that three Vietnamese freighters were on fire after Chinese warships had attacked them in the South China Sea, and that the Chinese were blocking efforts to rescue the crew, AP reports from Bangkok.

The Voice of Vietnam radio said the freighters had been on fire since they were attacked on Monday near Sinh Ton Island in the Spratly Islands which are claimed by both Vietnam, which calls them the Truong Sa Islands, and China, which calls them the Nansha Islands.

The broadcast said Mr Nguyen Phung Vu, head of the China Department of Vietnam's Foreign Ministry, made the accusations in a meeting yesterday with Li Shuchin, Peking's ambassador to Hanoi.

In Peking earlier yesterday, the Chinese Foreign Ministry disclosed that there had been Chinese casualties in Monday's exchange of gunfire between Chinese and Vietnamese vessels.

Rebels kill Zimbabweans

By Victor Maki in Harare

MOZAMBIKAN rebels operating inside Zimbabwe shot dead four Zimbabwean railway workers and seriously injured another at the weekend, the official media reported in Harare yesterday.

The attack, the latest in a series of incursions by the Mozambique National Resistance, has undermined the vulnerability of Zimbabwe's trade routes through Mozambique and the country's continued dependence on South African ports and railways.

Palestinian telephone links cut

By Andrew Whitely in Jerusalem

THE ISRAELI authorities have cut telephone links between the occupied West Bank and Gaza Strip and the rest of the world, highlighting the economic sanctions they are increasingly relying upon to end the 14-week-long Palestinian uprising.

The ostensible aim of the latest move, implemented on Tuesday night, is to try to break organisational links between the Palestine Liberation Organisation abroad and the underground leadership within the occupied territories. In recent weeks the unrest has become increasingly directed from abroad.

But the action also increases pressure on the 1.5m population in a whole, in an apparent bid to break its will to resist.

The military authorities were reluctant yesterday to explain the move. Mr Yehoshua Kabin, the Defence Minister, said though, that Israel was trying "to combine more and more economic measures... in addition to administrative measures".

Parallel steps taken over the past three days - designed, in part, to limit the free movement of activists - have been a ban on travel between the two territories, a nightly five-hour curfew on the entire Gaza Strip, and a ban on fuel deliveries to Arab petrol stations in the West Bank and Gaza.

PLO 'bid to use Amman as base'

By Tony Walker in Cairo

THE Palestine Liberation Organisation is seeking to make greater use of Amman as a base from which to help co-ordinate the Palestinian uprising in the West Bank and Gaza, according to Palestinian sources in the Jordanian capital.

The week-long visit to Amman by Khalil al-Wazir, a senior PLO official responsible for directing the Palestinian resistance on the West Bank and Gaza, was concerned in part with improving co-ordination with the leadership in the occupied territories.

Mr al-Wazir, whose nom de guerre is Abu Jihad, left Jordan on Tuesday after attending meetings of the joint "steadfastness" committee which distributes Arab aid to the territories.

Meanwhile, Jordan is pressing Mr Yasir Arafat, chairman of the PLO, to visit Amman for a meeting of reconciliation with King Hussein in a sign that the Jordanians are anxious to revive a closer working relationship with the Palestinian leadership.

Kabul says war may spread to Pakistan

BY ROBIN PAULEY, ASIA EDITOR, IN GENEVA

THE WAR within Afghanistan will spill over the borders into Pakistan, if the deadlocked Geneva talks on a Soviet withdrawal from Afghanistan collapse as a result of Pakistani intransigence, Mr Abdul Wakil, the Afghan Foreign Minister, warned yesterday.

"If Pakistan thinks it can contain this war for nine more years we have to say the flames of war will never recognise any borders. Whenever fire is enflamed in your neighbour's house it will certainly spread to your house too," he said.

He also urged the Pakistanis by insisting that their attempt to bring the long-standing border dispute with Afghanistan into the talks was not only unacceptable and irrelevant but also an issue which could never be discussed anywhere, without the inclusion of India.

Mr Wakil's press conference, called within hours of both sides agreeing to desist from public announcements, was further evidence of the deteriorating atmosphere in Geneva.

Mr Zahir Moazzam, the Pakistan deputy Foreign Minister, called a retaliatory press conference last night and complained that Mr Wakil was raising diversionary non-issues - in a manner that betrays a will to deflect the focus of the talks from the real issues. Pakistan had never raised any boundary issue at any of the Geneva rounds and Mr Wakil's comments "demonstrate the unreasonable approach



Abdul Wakil

adopted by him in the negotiations."

As both the Afghan and Pakistani delegations adopt tactical postures around issues not central to the accords covering the withdrawal of 115,000 Soviet troops from Afghanistan it appears likely that the real negotiations must now be between the Soviet Union and the US.

Mr Eduard Shevardnadze, the Soviet Foreign Minister, and Mr George Shultz, the US Secretary of State, met in Washington on Tuesday and unless they break the deadlock the future of this round of lower level talks in Geneva - now in their third week - looks dim.

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The FT-City Course, arranged jointly by the Financial Times and the City University Business School has attracted some 4,600 delegates from over 800 organisations since it was first held in 1970.

This spring course is designed for new recruits, management trainees and employees of companies with interests in the City. It explains how the City of London operates and will provide a useful insight into the range of activities which make London such an important banking and trading centre.

The venue is the Royal Commonwealth Society and the eight week programme of Tuesday afternoon lectures is frequently updated to reflect the newer activities and markets in the City. The spring 88 FT-City Course includes comment on the City Revolution and an assessment of the implications of the "Black Monday".

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WORLD TRADE NEWS

New fibre optic cable networks will be a bonanza for suppliers, says David Thomas

Telecom groups weave webs across Pacific

HARDLY a month goes by without another plank being nailed into place in the plan to forge modern communications networks between the main countries in the Pacific region.

Central to this plan is the drive to construct a new telecommunications web linking Malaysia, Singapore, Brunei and the Philippines in the west, with Hong Kong, South Korea and Japan in the north, Australasia in the south, Guam and Hawaii in the centre and the US in the east of the vast Pacific area.

The strands of this web will be submarine fibre optic cables, the new telecommunications transmission medium which caters for the flow of much larger quantities of voice, data and images than coaxial cable, the previous generation.

The first of the new generation cables is due to come on stream at the end of this year. HAWA/TPC3 is a \$450m project linking the US to Japan through Hawaii with a spur to Guam.

It will be followed by about 10 other cables. Most have already been announced, although industry participants expect decisions soon from Southeast Asian countries which will complete the web.

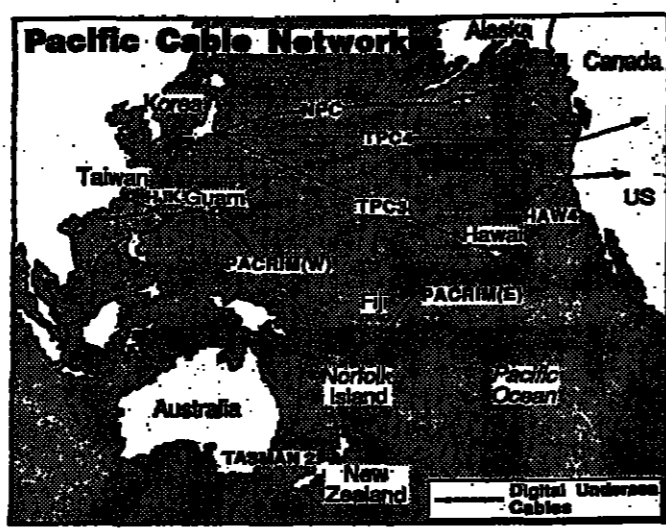
The network should prove a bonanza for supplying companies and specifically for the handful of concerns big enough to take on the job of prime supplier for the

largest systems. These were clearly identified last month when the consortia behind the North Pacific Cable (NPC) invited tenders from five cable companies: American Telephone & Telegraph, NEC and Fujitsu of Japan, STC of the UK and Submarine of France.

AT&T has already emerged as lead supplier for the \$450m HAWA/TPC3 system and for the \$110m Guam-Philippines-Taiwan (GPT) cable. Fujitsu is lead contractor for the \$110m Hong Kong-Japan-Korea (HJK) link and Submarine has picked up the \$70m Tasman 2 (Australia-New Zealand) deal.

Telecommunications operators enmesh about the insurance the completed loop will offer them as they cope with traffic growing at about 20 per cent a year in the region. "It will provide a very resilient circuit, so if you lose one link you can go the other way round the loop," says Mr Brian Pemberton, joint managing director of Cable and Wireless, the UK communications company which controls Hong Kong's telecommunications.

The typical pattern will be for a cable to be mostly owned by the countries which it links, but for other operators to hold small stakes reflecting the traffic they expect to send through it. For instance, the Hong Kong, Japanese and South Korean operators together have an 84 per cent



stake in the HJK cable; but AT&T holds 8 per cent and British Telecom 1 per cent, reflecting their interest in the region. The one exception to this pattern is NPC, the trans-Pacific cable due to enter service in 1990, which is owned jointly by C&W with Japanese and US partners. "We created a new model for the way in which you can provide a facility," Mr Pemberton explained.

Contrary to the industry's standard practice, they are building a cable before they know how it

will be filled, although a large user of the cable will be International Digital Communications (IDC), the consortium which last year finally won the right to set up a new international telecommunications operator in Japan after a prolonged political wrangle.

C&W is confident that HAWA/TPC3 will be quickly filled, leaving ample demand from the region's operators for NPC. NPC's owners have the advantage that they probably will not need to announce charges for

their cable until after the pattern of demand for the competing HAWA/TPC3 system is established.

Mr Pemberton believes that companies such as KDD, Japan's international telecommunications operator, and BT will in time buy capacity in NPC, even though they are partners in the rival system, on price and security grounds.

Others, including BT, are not so sure about NPC's prospects, believing that enough capacity is being constructed by the conventional operators for the needs of the region into the next century, especially since a large slice of traffic will still travel via satellite.

The key to this disagreement may lie in TPC4, yet another trans-Pacific cable being planned by the conventional operators.

C&W believes that TPC4 was conceived as a spoiling tactic by its rival operators during the long battle to get IDC accepted by the Japanese authorities. Mr Pemberton predicts that the cable will not see the light of day until the mid-to-late 1990s, by when he says it might be needed.

If he is wrong and TPC4 enters service on schedule in 1994, business customers sending voice and data traffic around the Pacific might face the happy prospect of a price war sparked by over-capacity on the rival systems.

Rebuff for Glaxo on drug imports

By William Dawkins in Brussels

ATTEMPTS by Glaxo, the UK pharmaceuticals group, to stop imports of cheap Italian copies of a widely used anti-ulcer drug have met a decisive legal rebuff in the European Court of Justice.

The Luxembourg-based court has ruled that Allen and Hanbury, a Glaxo subsidiary, should not be allowed an injunction against imports of Italian-made examples of salbutamol, sold as Ventolin and patented under the company's name in the UK.

Its decision could create uncertainty over the extent to which patents can be used as a defence against foreign competition in the European Community.

The ruling comes in response to a call for clarification from the British House of Lords, which is considering an appeal against the injunction, lodged by Generics (UK), the independent drug supplier importing Italian salbutamol. It is almost inevitable that the UK will now have to give Generics (UK) the legal go-ahead to sell the Italian drugs.

Lord MacKenzie Stuart, court president, said in his 16-page ruling that such an injunction contravened EC rules against quantitative restrictions on imports. These could only be justified if consumer protection, the manufacturers' right to a free return on its products, or free trade was being threatened, which was not the case.

At the source of the dispute is the fact that Allen and Hanbury does not hold a patent for salbutamol in Italy because patents were not available for pharmaceuticals there when the drug was invented 20 years ago.

Generics (UK) started to import its cheap Italian copies three years ago, without Allen and Hanbury's consent. It did ask for a licence before going ahead, but started imports before Allen and Hanbury could produce an answer.

The Glaxo subsidiary has argued the undesirability of having to compete against imports from a company that has not had to bear the same research costs for the drug concerned.

Peter March in London adds: Glaxo and the case was important from the point of view of principle but was now of largely academic interest. Ventolin came off patent last October, after the court case involving Generics (UK) started. As a result, other drug producers are free to make generic versions of the product without infringing Glaxo's patents.

Ventolin is Glaxo's second-biggest-selling drug, after Zantac, its anti-ulcer medication. World sales of the product were estimated at \$311m (£165m) in 1986.

EC-US split threatens farm talks

By David Buchanan in Brussels

DOUBTS are growing in Brussels that the Gatt talks on global trade will reach agreement on agriculture, because of the increasingly divergent positions of the European Community and the US, Commission officials said yesterday.

Mr Frans Andriessen, the EC Agriculture Commissioner, said that on a recent visit to Washington he found that the US Administration had little appreciation of the efforts the EC was making to curb its food surpluses. The key parts of the Brussels summit agreements in February were those restraining the growth of farm spending.

The EC and the US remain fundamentally at odds, Commission officials said. The Community is focusing its proposals in the Gatt talks on short-term measures to stabilise world agricultural trade and the US is insisting on a long-term commitment to phase out all production-related price supports for agriculture.

The EC says it cannot accept that governmental support should be totally "de-coupled" from farm production and replaced by direct income grants to farmers, regardless of what they produce.

The short-term EC proposals are geared to trying to stabilise the world market by setting minimum export prices for dairy products and cereals and by offering to restrain EC sugar exports to the average of the past five years, provided that the US maintains its imports, according to the same historic formula.

However, as part of the liberalisation drive, which includes splitting the post and telecom businesses, the Bundespost reformers are trying to persuade foreign companies, especially in the US, that it is still worth tendering.

The first seminar will be in Washington on March 24 and will

Private finance sought for five Dutch tunnels

BY LAURA RAUIN IN AMSTERDAM

FIVE tunnels costing Fl 1.8bn (\$518m) are to be built in the Netherlands by private financiers, who will recoup their investments through tolls and then transfer ownership to the Government. The bids will be open to foreign as well as domestic companies.

Mrs Neelke Smit-Kroes, Dutch Transport Minister, confirmed for the first time yesterday that five tunnels would be built, one more than previously planned.

"We expect to drive the first pile into the ground this summer," she said. "We are convinced there is a lot of money available to invest, and this is a solid investment."

Domestic and foreign financial institutions will be invited in newspaper advertisements tomorrow to bid for contracts for the first tunnel, a Fl 380m project under the River Noord, near Rotterdam.

Investors have until April 12 to submit their "pre-qualification proposals". Thereafter, a shortlist of four will be selected to submit official bids.

Investments and operating costs are to be recovered over 30 years, after which the tunnels will be transferred without cost to the Dutch state.

Two more tunnels will be built near Rotterdam and another two near Amsterdam, all to be completed by the late 1990s.

Traffic congestion in the western corridor of the country has become so bad in recent years that Fl 380m a year is lost in waiting time, according to gov-

ernment figures. Private financing of public projects such as bridges and tunnels has gained in prominence worldwide as governments have sought to economise in their own budgets.

So far, however, Dutch financial institutions have shown little enthusiasm for the tunnel scheme, while motorists do not like the tolls.

Mrs Smit-Kroes disclosed that tolls would be levied as soon as the Noord tunnel is completed. In 1992, instead of waiting until all five and their approach roads are finished. Foreigners will be exempt from the tolls, in line with Dutch opposition to territorial barriers.

Tolls will be collected through electronic systems being developed by several companies, although traditional methods may be used before first. Companies such as Philips and Nedap of the Netherlands and Siemens of West Germany are believed to be working on such computerised systems but they vary widely in complexity and cost.

Mrs Smit-Kroes said it was too early to estimate how much additional investment would be necessary for the toll systems. The western corridor of the Netherlands includes Amsterdam, Rotterdam, The Hague and Utrecht, and is criss-crossed with rivers and canals. These have become chronic snags for traffic jams and provoked calls for urgent improvements to preserve the Netherlands' role in European transport.

Four companies join Soviet gas venture

BY LEBLIE COLTIT IN MOSCOW

FOUR major Western companies concluded a preliminary agreement with the Soviet Union yesterday to form a \$50m (\$25m) joint venture to build a big petrochemical complex using gas from the Bangei deposits in the Caspian Sea.

The four companies - Occidental Petroleum of the US, Montedison and Enichem of Italy and Agip's Marubeni - signed the agreement with the Soviet Minister for the oil industry, Mr Vadim Dinkov. The joint venture would be by far the largest to be concluded by Moscow since they began last year.

Mr Alexander Hammer, the 88-year-old chairman of Occidental and a pioneer of Soviet-American trade, said in Moscow that a nine-month feasibility study would be launched by the Western partners. The joint venture cost then be finalised.

Each of the Western companies would invest \$750m, with the Soviet Union investing the equivalent of \$50m. The Western companies would hold 49 per cent of the joint venture, the maximum allowed under Soviet regulations. Each of the four would have an equal share.

Annual output of the petrochemical complex was expected to be 400,000 tonnes of polypropylene, 600,000 tonnes of polyethylene, more than 1m tonnes of granulated sulphur and large

amounts of other chemicals. At least half the total output is to be sold in the West. Repatriation of profits in hard currency was guaranteed under Soviet law, Mr Dinkov said.

Injecting a political note, Mr Hammer said the Tughits project was part of Mr Mikhail Gorbachev's programme of perestroika to speed up the Soviet Union's development and improve living standards.

Mr Gorbachev believes that if Russia can't give its people the same standard of living as we have in the West then socialism can't succeed," Mr Hammer remarked.

Occidental is to be responsible for sulphur production at Tughits, while Montedison will take care of polypropylene, and Enichem will deal with polyethylene.

Under a long-term agreement with the Soviet Union, Occidental buys ammonia from it and sells back phosphates. The deal has proven highly successful, Mr Hammer said, even at a time when the world market for fertilisers was depressed. He expressed confidence that the Soviet Union would adjust its energy and chemical prices according to prevailing levels.

Mr Kuzuo Haruna, chairman of Marubeni, said this project was unprecedented in scale.

Soviet oil reserves, Page 28

Bundespost seeks to woo US telecom suppliers

BY DAVID GOODHART IN HANNOVER

WEST GERMANY'S state-run postal and telephone authority, the Bundespost, is organising two major seminars for potential telecommunications suppliers in the US as part of a campaign to persuade sceptical foreign governments that it is serious about opening its telecom market.

Traditionally, this market has been dominated by Siemens and Sel and more than 90 per cent of all equipment is currently manufactured in Germany.

Although the Bundespost claims it has had an open buying policy for some years, foreign companies and governments still complain about discriminatory licensing procedures.

The short-term EC proposals are geared to trying to stabilise the world market by setting minimum export prices for dairy products and cereals and by offering to restrain EC sugar exports to the average of the past five years, provided that the US maintains its imports, according to the same historic formula.

However, as part of the liberalisation drive, which includes splitting the post and telecom businesses, the Bundespost reformers are trying to persuade foreign companies, especially in the US, that it is still worth tendering.

The first seminar will be in Washington on March 24 and will

provide practical advice on exporting.

"We are committed to ensuring that US firms have the information and the access they need to do business with the Bundespost," said Mr Christian Schwarz-Schilling, the Minister of Posts and Telecommunications.

Some observers believe that the Bundespost's new operations faces another important test in the next few weeks, when a choice has to be made between a telephone-linked remote-control system developed by Racal-Milgo, a subsidiary of the UK company, Racal, and one built by Sel.

Yesterday, Mr Schwarz-Schilling met Mr Klaus Richter, general manager of Racal-Milgo, on the opening day of the annual Cebit information technology fair in Hannover.

The fair has attracted 2,674 exhibitors, up from 2,248 last year, with more than twice last year's contingent from Asian countries.

Canadians angry over beer pricing

CANADIAN beer companies have called on the Government to adopt a tough line with the European Community and block a Gatt ruling on liquor pricing.

Letter reports from Ottawa. "It is time Canada took a firmer stand in situations such as this, particularly those involving the EC, who are masters at creating trade barriers of their own," said Mr Derek Olmud, chairman of the Brewers Association of Canada.

"What we are facing is the loss

of 19,000 jobs and hundreds of millions of dollars in economic benefits within the provinces."

Last year, a panel set up under the General Agreement on Tariffs and Trade ruled that Canada's liquor pricing and distribution systems discriminated unfairly against imported alcoholic products.

The complaint was filed by the EC, which has long been critical of Canada's liquor distribution system.

The ruling is expected to be adopted at a full meeting of the 90-country Gatt council next Tuesday, but the brewers want Ottawa to ask for a delay so talks can resume with the EC to settle the dispute. If further talks are rejected, Canada should refuse to accept the ruling, Mr Olmud said.

Negotiations to settle the dispute broke off in January and Canadian government officials have said they are prepared to accept the ruling.

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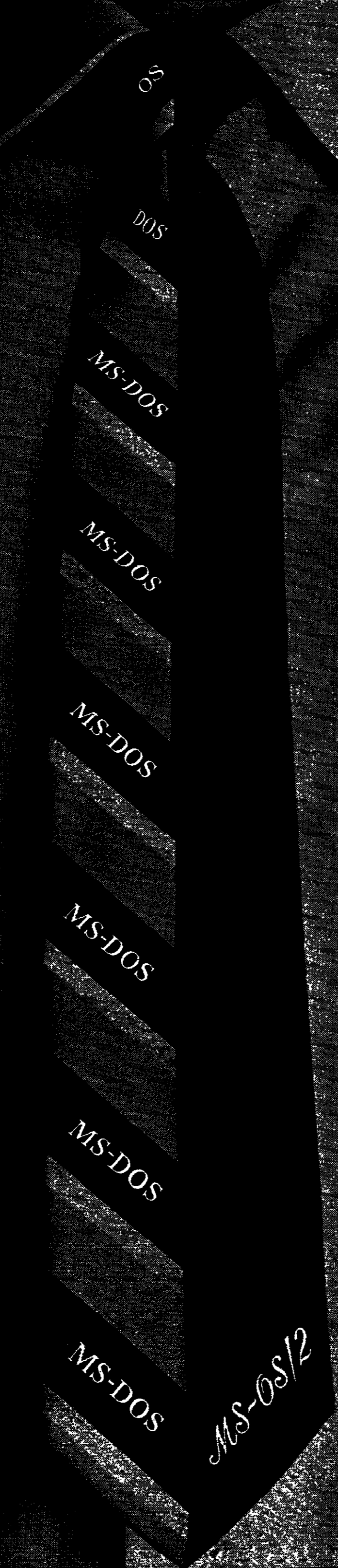
SUMMARY OF RESULTS

Year Ended	31st Dec 1987	31st Dec 1986
	£000	£000
Trading profit before deduction of bad debts	56,551	44,338
Profit attributable to ordinary shareholders	11,693	17,189
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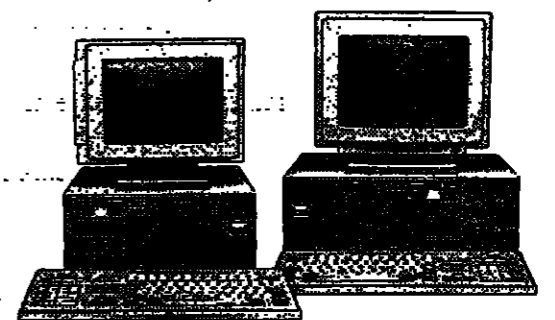
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MANAGEMENT

THE AVERAGE London consumer of a Chinese or Indian take-away - or his European counterpart for that matter - is likely to assume that rice is rice.

The average Hong Kong family sees things differently, however. Tastes in rice bear a remarkable similarity to a Frenchman's tastes in wine or a Scotsman's in whisky - and the task of choosing the family's rice is an equally meticulous affair.

In the past, this would have meant a visit to rice retail outlets concentrated in the territory's crowded western district, where a mixture would be concocted from the dozens of huge open barrels or sacks of rice arrayed along the roadside.

Habits are changing today, though the colourful shop frontages clustered with sacks and barrels are still to be found in the more traditional nooks and crannies of the territory.

Into the breach have come five-kilo plastic sacks that can be seen stacked to the ceiling in most Hong Kong supermarkets. These now account for 84 per cent of local rice sales. But how do retailers combine traditional fastidiousness over the correct rice blend with modern packaging hygiene and convenience?

In such an important market for rice, with per capita consumption, at about 60 kilos per year, among the highest in the world, it is a matter of no small importance to get the answer right - and no product typifies the challenge better than "san mi", or "three grains" rice, one of the greater marketing successes during

the past two years of the once-illustrious Jardine group.

"Three grains" was launched in February 1986 after two years of market research. It combines Chinese, Thai and Australian rice - hence the name - in a secret formula that is guarded as carefully as that for Coca-Cola.

"All I can tell you is that Thai rice makes up the majority, because people like the aroma associated with Thai grain," says Tony Cheung, general manager of Jardine's consumer products division. "We keep the formula confidential, but it has been very carefully calculated, and the ratios are kept steady by use of computer-controlled blending equipment."

"To us Chinese, rice from different origins has different characteristics," Cheung comments. "Chinese rice is generally harder than others, while Thai rice is renowned for its aroma, and Australian rice for its softness."

Once upon a time, China monopolised supplies of rice to Hong Kong - hardly surprising since the territory is part of the Chinese landmass, with the Pearl River delta, one of the world's most prolific rice-growing areas, making up its hinterland.

Thailand, along with Vietnam, used to occupy an exclusive niche at the margins of the market, meeting the most gourmet needs.

Today, the picture is rather different. Vietnam has disappeared as a supplier - a direct result of decades of war in Indochina. In 1987, out of

Rice consumption in Hong Kong

San Mi's secret formula

David Dodwell explains Jardine's innovative marketing of a staple product

total imports of almost 346,000 tonnes, Australian rice accounted for 37 per cent - up from 34 per cent in 1986. Thai rice accounted for 23 per cent of the total, up from 19 per cent, while Chinese rice, which made up 38 per cent of the total in 1986, had slipped to 26 per cent.

Ironically for a market so renowned for its openness, trade in rice used to be tightly regulated. The government only withdrew control fully in 1985, leaving behind a rice control scheme to regulate private imports.

Today, just 46 companies hold import licences. Shared between them are 1,000 rice import units - each having to maintain minimum stock levels, with profits carefully controlled for both importers and retailers.

Traditional suppliers from China, like Ng Fung Hong and Kwong Nam Hong, have no doubt had their market share squeezed as importers with roots in Thailand and Australia have increased their sales.

The volume of demand from China has been affected even further, as wealth has diluted the per capita con-

sumption levels of rice. Today's average of 60 kilos a year may be high by world standards, but is modest set against consumption of 120 kilos per capita in 1961.

"There has been a change in tastes," says Cheung. "As people have become better off, they have become willing to pay for the higher quality rice."

It was this change in tastes that Jardine wanted to track when it began market research for "three grains" in 1984.

The group had recently set up its chain of 7-eleven 24-hour retail stores across Hong Kong - a chain that has over seven years grown to more than 200 outlets - and was keen to get its own rice product onto 7-eleven shelves, and onto those of the two main supermarket chains, Park's Shop and Wellcome.

"We were among those in the territory with an import licence, and felt we should get some vertical integration to capitalise on the size of the local market for rice," recalls Cheung.

"We wanted to create our own product, but didn't know quite how

to enter the market. At the earliest stage, we did not have any branded rice concept in mind, but some initial qualitative research on consumer tastes showed that 25 per cent of households ate branded rice of one kind or another."

Jardine also found that exporters from Thailand in particular were starting to blend rice in bulk before export, and were beginning to package it too.

The group used an independent market research company to arrange a sample of 260 families drawn from all strata of Hong Kong society. Over the next two years, the families were given a variety of different rices, and their responses monitored.

"We found people were asking Australian rice into the Chinese rice to get greater softness, and were asking Thai rice to provide a more fragrant aroma," Cheung recalls. "Above all, we realised there was a consumer niche that no-one had exploited."

After further attention to packaging - the distinctive red and green bag is as clearly identified by its edge in a floor to ceiling stack as it is



An Oriental Office Toilet asks for another bowl of Three Grains rice

See-on - "san mi" was launched in February 1986 with a HK\$5m (\$245,000) advertising budget.

"We targeted a 4 per cent market share within a year, and that is what we have achieved," says Cheung. It now ranks among the leading local packaged blends, but Jardine says that increasing market share further is going to be a painstaking business. Competition is fierce, with all importers paying closer attention to quality, this probably explains why the group shrouds in mystery the formula for its "three grains" blend.

Of course, the shrinking per capita demand for rice - an inevitable consequence of rising affluence - means that the potential growth in demand for "three grains" is severely limited, while profit margins will remain slim.

Hong Kong youngsters are flocking in increasing numbers to fast-food counterparts to rice, like spaghetti and pizza. But since Jardine owns the franchise in Hong Kong for all Pizza Hut outlets, the group may not need to go into mourning just yet.

An annuity that can give double-digit margins

Some brands have enormous value. Christopher Parkes suggests ways of quantifying it



"IT WAS like making three or four years' profit all at once... tax free."

Yusef Gottsman, chief executive designate of fruit and vegetable importer Jack L. Israel, is mightily pleased. Nestlé, the Swiss food multinational, has agreed to pay him \$5.5m cash for the rights to Carnation brand in the UK canned fish market.

Israel's sales of Carnation tuna, salmon and shrimp are only about \$2m a year, and the deal doubles his company's net asset value, so Gottsman's delight may be justified. But he is still not sure about the price.

His own calculation of the incremental benefits of keeping the brand, based on the 38 years the Carnation fish licence had still to run, gave him a value of more than \$12m. "We knew they would not wear that, but I still think they got it cheap," he says.

Valuing a brand, says Hugh Davidson, founder of Oxford Corporate Consultants, and author of *Offensive Marketing*, is basically guesswork. "There is no scientific way of working it out, which is why accountants fight shy of putting it in a balance sheet."

Considering that brand names are among the most precious assets in the world's consumer goods industries and demand is increasing while supply is more or less static, the time may have come for some means or formula for properly assessing and monitoring their real worth.

But first someone has to pin down a manageable definition of a brand. Davidson offers a starting point which he calls a "mental inventory."

"A brand name's value lies inside the customer's mind," he writes in *Offensive Marketing*. "Its mechanism can be compared to a continuous production line. The company feeds in the raw materials of product or service performance, pricing, advertising and so on. The customer reacts to, and processes these into, attitudes and image" - not the most

promising raw material for the average accountant.

David Long, consumer companies guru at brokers Henderson White Jenkins, suggests a more promising concept. "A good brand is an annuity," he offers.

"Buy it and it will give you double-digit margins as long as you look after it." Proper tending includes keeping the product up-to-date, promoting its merits and steering down production costs as volume rises.

Considering the relative ease with which the cost of these inputs can be measured, it is all the more puzzling that guesswork still rules.

It is now common in the US for acquisitive consumer product companies to pay two or three times a target's financial asset value. As a rule of thumb in the UK, the stock market valuation of a brand-based consumer goods company is about a third more than a comparable concern with no strong brands.

Davidson points to the \$5.5m paid for General Foods recently by the Philip Morris tobacco

group. Exactly half was for the financial assets; the balance was for the management skills and brands, including Maxwell House, Jell-O and Birds Eye frozen foods.

The \$5.5m Nestlé has given for Jack L. Israel's fish interest is only a fraction of the total the Swiss group is having to pay to control Carnation rights and licences scattered around the world.

The object, the company says, is that it should control its brands for quality purposes. No company making global investments in a trademark can afford to risk having its international credibility undermined by local problems with a stray licensee.

Buying a company with a strong brand portfolio is probably cheaper than building a comparable holding from scratch. Davidson believes that current development, marketing and television promotion costs could make it almost impossible nowadays to launch a mega-brand.

This helps explain why even giants such as Procter & Gamble

and Unilever now prefer to launch new products under existing names, relying on existing goodwill to carry the day.

Lever's liquid detergent Wisk, a new product and a new name, was launched in Britain in 1986. P&G's liquid variant on 20-year-old Ariel came a year later, but already claims some 60 per cent of the liquids market.

The US company is now priming liquid Dax for the market, and Lever is believed to be planning a counter with a liquid version of Persil, one of the oldest brands in the business.

The number of companies outside the multinational coterie which can afford to manage brands effectively is shrinking. Jack L. Israel's main link with retailers is the supply of own-label products which require no promotion by the manufacturer.

A 10 per cent discount on a carton is probably more use to us than a brand, Gottsman concedes.

"Most big brands are moving to the big manufacturers. Trading companies and distributors like us are not capable of supporting them at the levels of the major companies."

Quaker of the US, which last year spent the equivalent of 22 per cent of sales on brand support, is a case in point. Commis-

sioned research into 1,500 consumer products in 500 categories had shown it that the top name on the supermarket shelf could command an average after tax return on capital of 18 per cent.

The number two could count on only 8 per cent and those running third and fourth made negative returns.

"The best brands are going to the multinationals," confirms Long. "We are coming to the point where global players will have all of them." Since few companies are willing to part with them, except when rationalising or disposing of subsidiaries which do not fit into a group's main areas of business, the biggest players will also take out many of the companies which own them, he adds.

The process is leading to a clear differentiation between consumer products companies. Division one consists of the brand-laden multinationals, enjoying, Long says, "superior margins and tremendous security." In division two sit the own-label or commodity processors. "They are either low margin or cyclical - or, worse, low margin and cyclical."

The end result of having no control over margins is no security, as Avana Foods found out when BHM swallowed it up last year.

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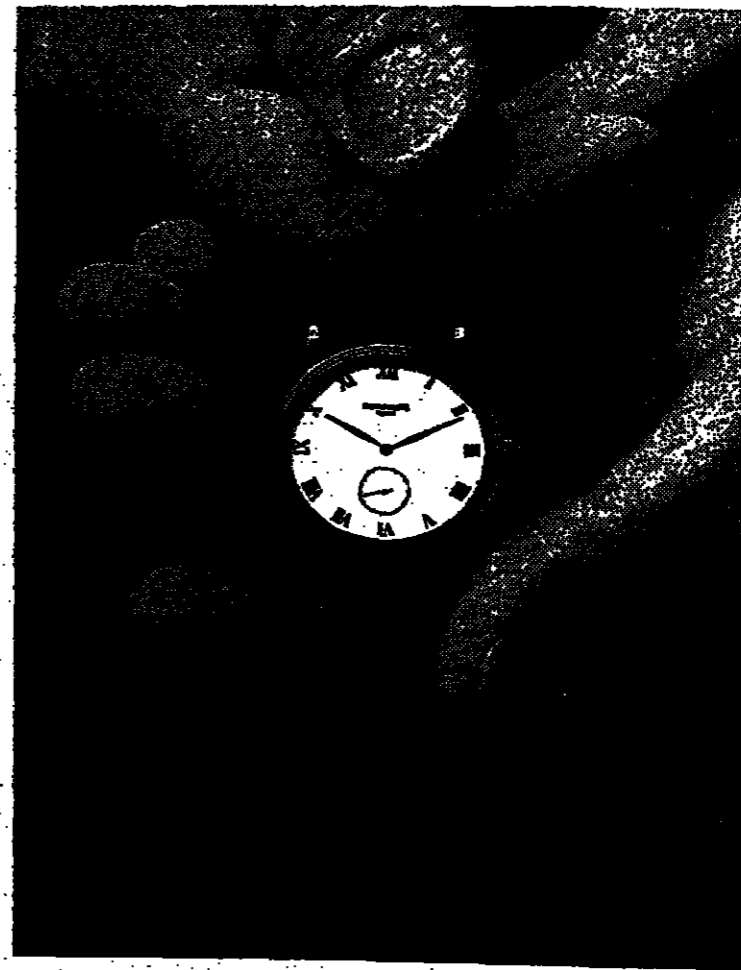
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UK NEWS

Exchange rate policy clouds Lawson horizon

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

MR NIGEL LAWSON, the Chancellor of the Exchequer, said yesterday that Tuesday's Budget had marked the completion of his programme for reform of Britain's tax system. He left a question mark over how much longer he wished to remain as Chancellor.

In a post-Budget briefing for journalists, Mr Lawson also gave the impression that his recent differences with the Prime Minister over exchange rate policy are not fully resolved.

He re-affirmed Britain's commitment to last December's agreement among the Group of Seven industrial nations to promote exchange rate stability, but declined to repeat a previous pledge to hold the pound steady against the D-Mark.

Mr Lawson suggested that his continuing central over exchange rate strategy would be reflected in official responses to developments in financial markets. "Actions are more important than words," he said.

It is thought that the Chancellor is seeking to avoid re-opening the dispute with the Prime Minister by making firm statements while maintaining his policy of attempting to keep the pound stable.

There is no advance agreement, however, on the scale of intervention which might be used to prevent another rise in sterling's value nor on at what point interest rates might be cut. For the time being the authorities are hoping for a continuation of yesterday's fairly muted response to the Budget on foreign exchange.

The Chancellor said that, after the major overhaul of the personal tax system announced in Tuesday's Budget, he had no specific plans for further reform packages. At the same time he expected little scope for new initiatives on the international scene.

Asked whether he wished stay on as Chancellor to deliver next year's Budget Mr Lawson left the issue open by saying it was "far too soon to start thinking about that". In the past he has



Nigel Lawson: doubts over future

suggested that he does not plan to stay in his present job for the whole of the present parliament. He vigorously defended the sharp cut in the top rate of tax to 40 per cent, arguing that it would significantly improve the performance of the economy by promoting increased enterprise. Every one, including the poor, would benefit from that, he said.

The Government's new target of a 20p basic rate of tax was a long-term aim rather than an immediate aspiration, but it would take less time to achieve than the nine years it had taken to get the rate down to 25p.

On the outlook for the economy, he repeated the upbeat message in Tuesday's Budget. The forecast that the growth rate of the economy would slow to 3 per cent this year was based on the expectation that consumer spending would moderate, but investment was expected to accelerate.

He acknowledged that the official forecast of a 2.5m deficit on the current account of the balance of payments in 1989 was subject to uncertainties, but said that it represented the best judgement of the Treasury's forecasters.

Top tax cuts promise 'exiles' a warmer passage home

BY FEONA MCEWAN

NEWS of the abolition of the highest tax bands in Tuesday's Budget has come as music to the ears of many of the country's top executives both at home and abroad.

As one top City industrialist yesterday joked to a friend currently holding down a prime job in Hong Kong, "You'll nearly be able to afford to come back."

As a result of the drop in higher rate income tax from 60 per cent to 40 per cent, headhunting agencies and accountants are anticipating a keen response from overseas executives to returning to work in the UK. It is also likely to be easier to recruit foreign managers to Britain under the new tax system.

Tax exiles too, will look on Britain with a fonder gaze. Mr Walter Malsenkov, partner in Arthur Andersen, the chartered accountants, and chairman of the tax committee for American Chamber of Commerce, predicts the return of two groups in particular: actors and entertainers, many of whom would like to live in the UK but for its tax system,

and British entrepreneurs who could bring their businesses back to the UK.

Another effect of the new tax structure will be to stem the tide of top earners from leaving the country for more profitable shores.

In recent years, pay at director level in the UK has increased faster

than at lower levels. Senior management pay has grown by an average of 15 per cent compared with average wage increases of 5 per cent.

Mr Gary Gibbons, principal consultant of PA Search, a leading executive search company which specialises in headhunting for City firms, believes the new system will stem salary inflation

at top levels, making it easier to attract top talent.

Some observers go further and predict an influx of European managers drawn by the beneficial tax climate. Mr Tom Rafferty, manager of International Research for Inbacon Management Services, says that multinational companies are increasingly keen on employing the best manager for the job, regardless of nationality, where once they would have preferred a local man or woman.

There is a greater move across boundaries now, especially with 1982 approaching, and a view that life does exist beyond the cliffs of Dover.

Whatever the outcome of the new tax system, initial responses among the capital's high earners, as measured in liquid refreshment was highly positive.

"We had a very good night after the Budget," admitted a spokesman for Green's Oyster and Champagne bar, a champagne corks throw away from the City in London's St James Street. "I think most of them were celebrating their tax cuts."

UK news after the Budget, Page 12
Action and reaction in Parliament, Page 13

Students' costs fall on wealthy

BY DAVID THOMAS

PEOPLE with large incomes and children about to enter higher education face losing a substantial slice of their Budget tax cuts as a result of the combined changes to the student grant system unveiled by the Government.

This became clear yesterday when reductions in the amounts parents have to contribute to student grants were announced by Mr Kenneth Baker, the Education Secretary, in the wake of the Budget decision to scrap tax relief on covenants.

The reductions will compensate most parents for the ending of the tax relief, but not people

with a "residual" income - income after tax and after interest payments attracting tax relief of more than £21,000 to £26,000.

About 80 per cent of the 250,000 students eligible for parental contributions receive money from covenants.

Until now, a parent covenanting a sum to cover the contribution to the grant paid the amount net of basic rate tax, with the student able to reclaim the tax deducted up to the single person's allowance.

As a result of the measures, the amount assessed as the parent's contribution to a student

entering higher education from the start of the 1988-89 academic year will generally be cut by 25 per cent, with a corresponding increase in the amount of grant paid by local authorities.

However, parents in the highest income brackets will be expected to pay all the grant and receive no compensation for the loss of tax relief on covenants.

The National Union of Students cautiously welcomed the cuts in parental contributions, but criticised the impact on higher income families and the complexity of the transitional arrangements.

IN BRIEF

Plessey puts £11.5m into plastics venture

FLESSEY, the UK electronics company, yesterday announced investment totalling £11.5m in a joint venture to turn out plastic blow-moulded components for the car and packaging industries.

The venture is with Kautex Werke, a leading West German supplier of blow-moulded products supplying the West European automotive business. Kautex, which is based in Bonn, and Plessey will each have a 50 per cent stake in the new company, to be based in Yorkshire.

Sir Charles Bell

Sir Charles Bell, CBE, one of the most prominent figures in the British textile industry of the 1960s and 1970s, died at the weekend at the age of 81.

As chairman of Coats Patons from 1969 to 1975, Sir Charles helped to build the Scottish group into one of the most powerful forces in the international textile industry. Two years ago Coats Patons merged with Vantona Viyella to create Coats Viyella, the biggest textile company in Europe.

When Sir Charles joined, C & P Coats had established an international network of sewing thread companies. In the 1950s it began to diversify, buying businesses like Patons & Baldwins, the large European hand knitting concerns, and Jaeger, the clothing company.

Sir Charles was chairman until his retirement in 1975. He played a leading role in Scottish commerce and was active in politics. Coats office in Japan, Page 11.

Kodak's record year

Kodak, the British subsidiary of the US photographic group, Eastman Kodak, had a record year in 1987, with sales of £273m.

Turnover in the UK rose 15 per cent to £85m and export earnings were 7 per cent higher at £38m. Profit after tax rose 83 per cent to £26m, the company said.

Airline case begins

American Airlines has started its High Court action claiming that British Airways is abusing its dominant position in the market for computer reservation systems used by British travel agents.

American Airlines wants to introduce its Sabre reservation system in Britain. Its application for an interim order was adjourned yesterday for the preparation of evidence.

Matrix redundancies

Matrix Churchill, the West Midlands machine tool manufacturer bought out by its management from the TI Group last October, is to make 120 of its 815 workers redundant. Formerly known as M Machine Tools, the company makes high precision thread grinding machines, lathes and manufacturing systems.

Mercury to guarantee installation dates

By David Thomas

MERCURY Communications, the sole network rival to British Telecom, is to pay many of its business customers compensation if it fails to meet agreed dates for the installation of new services.

Mercury's offer of guaranteed installation dates could give it an edge over BT, which has itself come under pressure recently to compensate customers for poor service quality.

However, BT appears to be moving in the direction of accepting the principle that some form of limited compensation should be paid to customers for delays in service.

Mercury is also substantially increasing installation charges for private business lines of less than 50km in order to bring them into line with costs.

The company intends to set guaranteed delivery dates from September 1 for customers directly connected to its network, which tend to be businesses with relatively heavy telecommunications usage.

The delivery dates will cover all its services including public and private lines and telex. They will be agreed with each individual customer, but will typically fall into three broad bands:

- 45 days for existing customers.
- 60 days for new customers in buildings connected to the Mercury network.
- 90 days for new customers in buildings near the Mercury network.

Mercury is consulting consumer organisations and existing customers about the details of the compensation scheme.

The Office of Telecommunications, the industry's regulatory watchdog, is considering whether to require BT similarly to compensate its customers.

Shah scraps plans to launch new national newspaper

BY RAYMOND SMOODY

MR EDDIE SHAH, the founder of Today, Britain's first colour national newspaper, has decided to drop his plans to launch a new national newspaper in the autumn because of Budget changes by Mr Nigel Lawson, the Chancellor of the Exchequer.

Mr Shah said last night: "It just isn't worth the hassle any more. We are pulling out."

The financing of The Post, Mr Shah's new popular newspaper which he planned to produce in the north of England, was nearly complete. But the £3.5m business plan included £1.5m in funds raised through the Business Expansion Scheme, which offers tax incentives to investors.

In Tuesday's Budget Mr Lawson set a new £500,000 limit on BES funds.

At first Mr Shah thought he would try to raise the missing £1m, but in the course of the day his anger at Mr Lawson and worries about effects of the time spent on fund raising were having on his existing newspaper business convinced him to pull out.

Last night Mr Shah was telling his editor Mr Lloyd Turner, the former editor of The Star, of his decision.

The only hope he held out for The Post was if there was "a miracle" and the missing money was found immediately, but that seems unlikely.

"It is a shame that companies which have been involved in job creation are treated in this way. This will mean the loss of over 200 new jobs in the north-west," Mr Shah said yesterday.

"When are we going to get some support from the Government," asked Mr Shah who has been seen as a favourite of Mrs Margaret Thatcher, the Prime Minister, because of his role in taking on the print union, the National Graphical Association, and acting as a catalyst in the revolution in national newspaper naming levels.

It is unclear whether the BES changes will affect the prospects of the North West Times, a planned new regional daily which is believed to have been intending to use BES funds.

Arms group seeks end of management deal

BY LYNTON MCILAIN

ROYAL ORDNANCE, the munitions group owned by British Aerospace which is currently in talks to buy the state-owned Rover car group, is seeking to end a management agreement with IMI.

Under this agreement, IMI operates and manages the rocket motor factory at Summerfield, Hereford and Worcester, owned by Royal Ordnance.

motors for a range of missiles, including the British Aerospace Rapier, Sea Skua, Sea Eagle, Sea Wolf, Sea Dart, Milan and two Swedish Bofors missiles.

The transfer of operational and management control of the Summerfield factory to Royal Ordnance, will give RO and British Aerospace a fully integrated rocket motor capability, under its direct control, for the first time.

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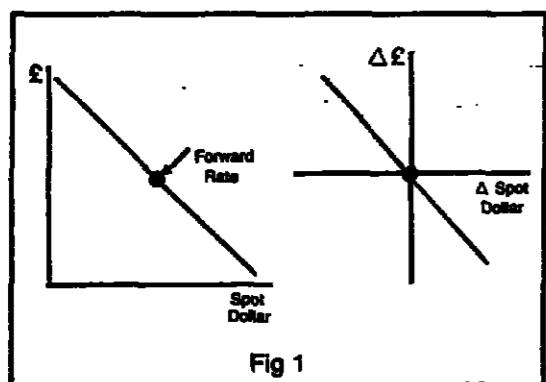
Take advantage of Futures and Options with the Chase Building Block approach

Futures and Options are not as difficult as they seem

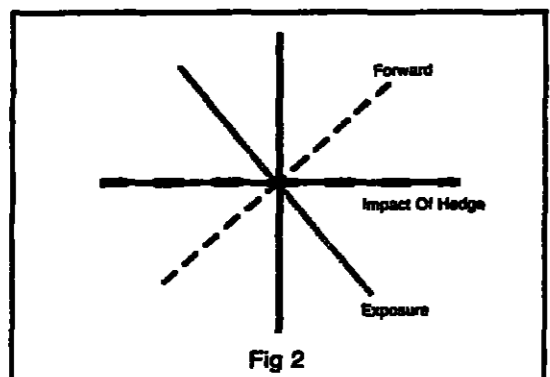
Futures and options are sometimes thought of as dangerous, speculative financial instruments. Yet their use in the markets is spreading. Indeed, market participants often seem to add to the confusion by putting their own brand names on the instruments, so that each one may be known by four or five quite different names. A good way to beat the confusion is to copy our own children and to think of the instruments as being made from a few simple building blocks, just as our children make model castles, bridges, aircraft and so on from quite a small range of simple blocks.

Chase's building-block approach

To illustrate this, consider the case of an importer with a dollar obligation. The stronger the dollar, the greater the sterling cost of that obligation and the worse the importer's results. This is illustrated in figure 1. The left-hand

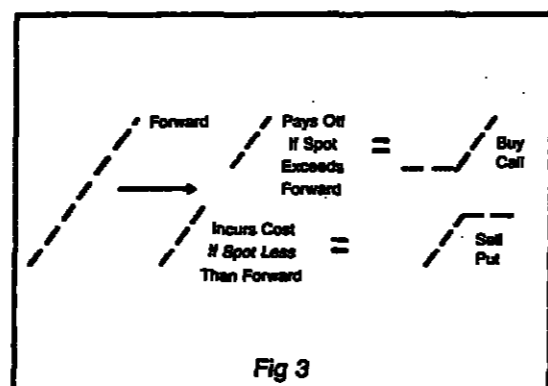


side of the figure shows the range of possible results as a function of the spot exchange rate on the day the obligation falls due; while the right-hand side centres the picture on the forward exchange rate relating to the day the obligation falls due and shows the impact on the importer's results of any deviation between the forward rate and the actual spot rate seen on the day in question.

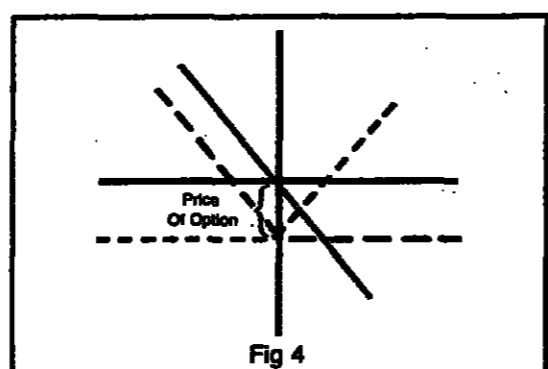


Now let's think of one of the oldest instruments of all — the ordinary currency forward contract. Hedging the currency exposure (the solid line in figure 2) with a forward contract (the dotted line) locks in a rate of exchange

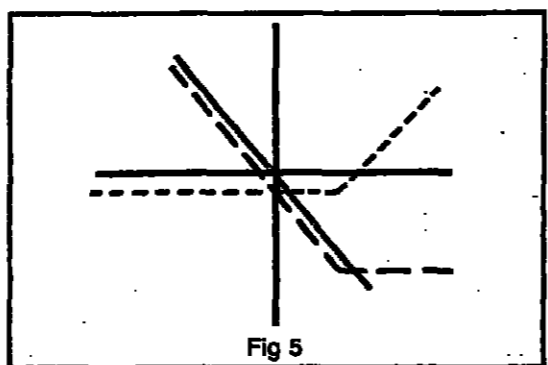
and so eliminates (as shown by the horizontal broken line) the exposure by guaranteeing the value of the currency whatever the actual spot turns out to be. Fine if the spot turns out to be worse than the forward. Not so fine if the spot turns out to be better.



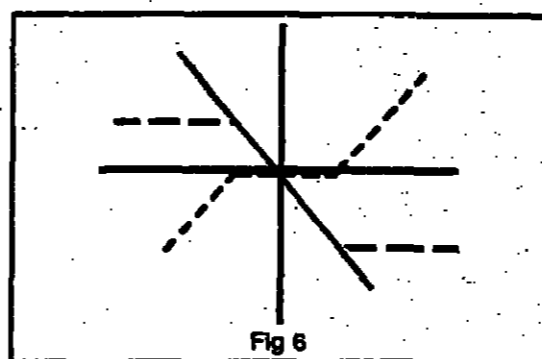
Now let's think of that currency forward as a solid building block and cut it in half as in figure 3. We have then produced a call option on the currency minus a put option. (The put-call parity theorem shows that to buy a call option and write a put option, each with an exercise price equal to the forward rate, is equivalent to buying a forward contract.) Using the call option gives protection against an adverse exchange rate movement. So far so good but the price is relatively high, as shown in figure 4.



Now let's make the call option cheaper by raising its exercise price. Its buyer now gains more from a favourable movement in the exchange rate but must accept the possibility of a greater loss should the exchange rate move unfavourably (figure 5.)

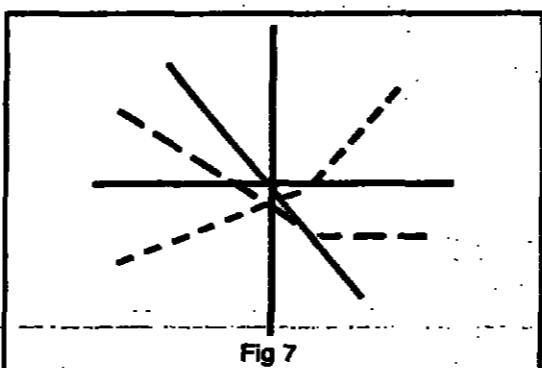


Now let's take both halves of the forward block — the put and call options — and buy a call and sell a put with exercise prices chosen so that the two options have equal value. We now have an instrument with several 'proprietary' names — the range forward, the zero-cost option, the collar, the



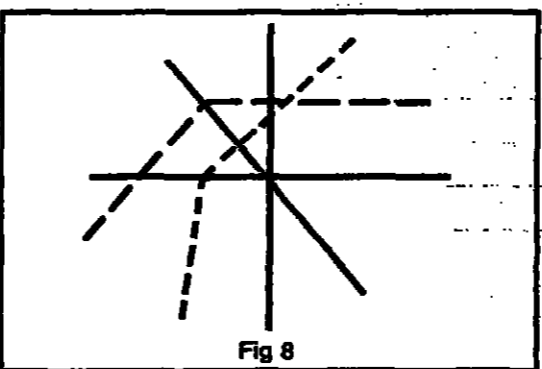
floor-ceiling swap, the cylinder etc. etc.. This instrument, which often involves no cash outlay, removes all the downside exposure beyond a predetermined point (determined by the exercise price of the call option) and pays for its removal by removing all the upside exposure beyond a different point (determined by the exercise price of the put option). In the middle range the exposure remains (figure 6).

Now take the same call option again and consider selling a put with the same exercise price and with the

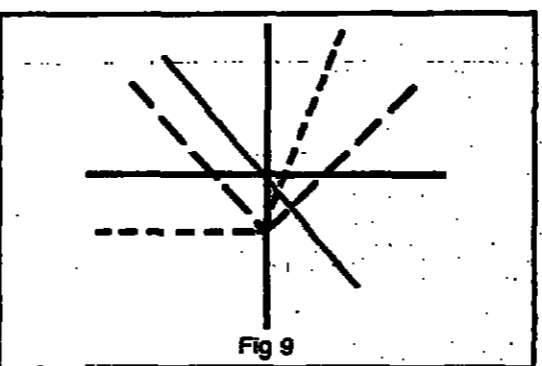


same value as the call. The call is out of the money and the put is in the money. Thus, pound for pound or dollar for dollar the put is more valuable than the call. To produce equal value, the put must be written on a smaller amount than the call.

This put-call combination, known as a participation or a profit-share option, involves no cash outlay yet gives protection against the downside while leaving a share (with no upper limit) in the upside (figure 7).



The list is endless. Want to lock in a rate better than the forward rate? Use a



put-call combination known as a ratio forward (figure 8). Want to benefit from exchange rate fluctuations regardless of direction of movement? Double up on the calls to produce figure 9!

Using the building blocks

The building-block analogy can be applied to other instruments and markets.

Take a block called a ninety-day currency forward and cut it up into ninety one-day slices. It has been turned into a ninety-day currency future with its daily marking to market settlement represented by the slices. Do the reverse and stick several ninety-day forward blocks together. They become a long-term forward swap.

Produce the blocks in a different colour and they become interest rate options (often called caps and floors) swaps forwards (usually called FRAs) and futures.

Hence, each of the shapes shown above can be reassembled for interest rate exposure just as they could for foreign exchange exposure.

Produce them in a third colour to represent hedging instruments, in another colour to give hedging instruments in a fourth market and

change the shapes and colours? A company may find it expensive to hedge its interest rate risk but by using options to pay interest in the form of a fixed quantity of oil it can make a dramatic reduction in its hedging costs.

Other companies can halve their interest charges by issuing a bond with an option attached which is exercisable to convert liability into that company's own shares.

These instruments are the building blocks for financial engineering. What your children can do in their make-believe world with their building blocks you can do in the real-life financial world with the real-life financial building blocks.

For further information on the building blocks of financial engineering, call Nick Robinson on 01-234 1240.



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Ground battle for airborne radar

JAPAN AIR LINES

UK NEWS — AFTER THE BUDGET

Lawson considers challenges for the future

YESTERDAY was to be Mr Nigel Lawson's day of triumph: the time to bask in acclaim after Tuesday's "radical, reforming Budget".

He started the day determined to make the most of it. As time wore on, it was difficult not to wonder if he had already decided that this would be his last such performance.

There was "nothing that immediately springs to mind" in terms of any ambitions for future Budgets, he told economics journalists at the traditional post-Budget briefing.

As he parried questions about the exchange rate, his mood seemed more reflective than triumphant. That in part reflected straightforward fatigue, but his dispute last week with the Prime Minister over the "unstable" pound's value had clearly left its scars.

He declined to reaffirm a key passage in his last major statement on monetary policy, made at the Mansion House in the autumn. Then he had said: "Nor should there be any doubt of our commitment to maintain a stable exchange rate, with the rate against the D-Mark being of particular importance."

Yesterday he suggested that those who were "clarification over what the policy would be" were "staring into the void" and "seeing words that are not there". "I think it is sensible to see how policy is con-

Philip Stephens catches the Chancellor in reflective mood the day after presenting his radical Budget



Nigel Lawson: "Actions are far more important than words"

ducted." Mr Lawson is probably still in control of policy but is not prepared to raise the stakes with his neighbour in Downing Street by publicly disputing Mrs Thatcher's words that "you cannot buck the market."

Ten minutes of questions on the subject was all he was prepared to take, before insisting that the discussion should move to the "historic" tax reforms. Here he was much more upbeat, though still something short of triumphant.

Suggestions that it was a Budget for the rich were dismissed out of hand. Instead, it represented a set of measures which would create a "more dynamic, more successful, more enterprising, more vigorous, better-performing economy."

In the long term, that would benefit everyone including the poor, although it was left unclear just how long the wait would be. Anyway, the tax cuts would almost certainly pay for themselves by encouraging the wealthy to work harder, take more risks and spend less time

Most of the people who complained about it being a "rich man's Budget" were themselves rich. "They can always send the

their share of the total take rise by a third in real terms.

But what of the academic evidence? Studies in the US by Professor Lawrence Lindsey of Harvard University supported his contention. Though he could not put a figure on it, the "pay-back" from the rich would be coming through before the end of the present parliament.

In a characteristically acerbic remark, he said that an expensive Treasury-commissioned study which appeared to cast doubt on that conclusion was a "shoddy and absurd exercise." As Chancellor, he was "very embarrassed" that public money had been wasted on it.

He was equally dismissive of arguments that he should have coupled the sharp reduction in top rate of tax with the abolition of the ceiling on employee National Insurance Contributions. The option had been thoroughly studied, but it would have left 2m people worse off.

His new tax system - which means that the marginal tax rate (including National Insurance) starts at 12.5 per cent and then falls to 25 per cent for middle-income earners before rising again to 40 per cent - might offend the "tidy-minded." But "I do not think it does any other violence."

Those on higher incomes had also seen many of their allowances and perks reduced or removed, while the new system of allowances for married couples due in 1990 would reinforce the immediate changes. The Chancellor had produced a supply-side tax reform Budget and that was what counted.

He said the new target of a 20p basic rate was long-term, though he expected that it would take less than the nine years needed to get to 25p. He had no particular desire to bring the top rate down further or to aim for just a single rate of income tax. "I think 40 per cent is perfectly acceptable and reasonable for those on higher incomes."

So is the Budget his "last word" on reform of personal income tax? As far as the present Chancellor is concerned, "I think it probably is." Since he overhauled the corporate tax system in his first Budget in 1984, there is not much more of substance to be done there.

So there are no specific goals on the horizon? Mr Lawson shrugged off the inevitable question about whether, in those circumstances, he expected to deliver next year's Budget. "I was, he said, "far too soon to start thinking about that." That did little, however, to dispel the impression left with most journalists in the room that Mr Lawson may already be contemplating his departure.

Companies win more takeover protection

By Richard Waters

UNEXPECTED protection has been extended to some British companies by the Budget, making them less attractive to foreign predators as takeover targets.

This follows a change in the tax treatment of companies which give up their UK residence. In the past, it has been possible for companies to relocate to a country with low or non-existent capital gains tax before realising assets.

Treasury approval was needed before the company could move abroad, though this was forthcoming in most cases. An informal exit charge was applied in some cases.

A rare exception was the attempt by the Daily Mail to relocate to the Netherlands to avoid paying UK capital gains tax, which was blocked by the Treasury. The Daily Mail case has now been referred to the European Court of Justice.

In the future, Treasury approval is not needed before a company can migrate but the application of capital gains tax is automatic.

Understanding this is a change in the test of a company's residence for tax purposes. The previous test of residence was whether it was "centrally managed and controlled" in the UK. This test remains, but a company will also be regarded as resident if it is incorporated in the UK.

This dual test brings the UK into line with most major countries of the Organisation of Economic Co-operation and Development except the US, which only regards a company as resident if it is incorporated there.

As a result of the new test, the transfer of ownership of a UK group to a new foreign parent does not make any part of it out of British tax. All its income is still taxed in the UK, even dividend income from subsidiaries abroad.

This may result, for instance, in dividends being paid by a US subsidiary to its UK parent before the British Budget says that the British Venture Capital Association.

This will reduce the number of new companies being set up in Britain and will have an adverse impact on the venture capital industry, said Mr Lionel Anthony, chairman of the association, whose members provide equity, capital and management advice for expanding companies.

Mr Anthony said: "This is probably the worst single event to affect the venture capital industry in the past five years. It has been greeted with universal dismay by the venture capital community."

The association plans to lobby for a change in the proposed legislation in the next few months. The problem has been caused by the Chancellor's decision to treat earned income and capital gains alike for tax purposes. Previously, one of the incentives for people setting up their own company was a stake in the business and the prospect of a sizeable capital gain taxed at only 30 per cent.

Now that high-earning executives will be taxed at 40 per cent on both income and capital gains, there will be no incentive to accept a lower salary in a small company in return for the likelihood of a capital gain if the business is successful.

"If the good executive is to be coaxed out of his comfy life with a large employer to take the risk of setting up on his own he has

Share option plans for executives face taxation threat

By Michael Skapinker

THE CHANCELLOR'S announcement that income and capital gains will be taxed at the same rate is likely to have a radical impact on one of the most celebrated features of the Thatcher years: the executive share option scheme.

If a company scheme is approved by the Inland Revenue, under the 1984 Finance Act, executives can receive options worth up to four times their emoluments. Until now, the advantage of such a scheme has been that beneficiaries are liable for capital gains tax, rather than income tax, on any gain they make.

In the case of highly-paid executives, this has meant that they have been liable for tax of 30 per cent rather than 60 per cent on disposal of the shares.

Schemes which are not Inland Revenue-approved have not been uncommon, but merely liable to income tax. The Burton Group, for example, set up a scheme last year which exceeded the four times earnings limit for certain beneficiaries, although this had to satisfy criteria set by institutional investors.

If income and capital gains are to be taxed at the same rate, there seems little reason for companies to seek Inland Revenue approval. "Our initial analysis is that the advantages of approval have been marginalised," says Mr Laurie Brennan, chief executive of New Bridge Street Consultants.

Mr Alan Jones, of Peat Marwick McLintock, says that there are still two theoretical advantages to Inland Revenue approval. One is that if schemes are not approved, the executive is liable for income tax both when

he exercises the options and when he disposes of the shares. Under approved schemes, capital gains tax arises only when the shares are sold. The second advantage is that the first 25,000 a year of capital gains are tax-free.

Both Mr Jones and Mr Brennan point out that neither of these advantages is likely to apply in the case of executive share options. Most executives sell their shares as soon as they exercise their options and so are liable to only one tax charge.

For the highly-paid, loss of the tax relief on 25,000 of capital gains is unlikely to be significant when set against the advantages of a non-approved scheme.

The Chancellor also announced changes to another feature of executive life, the "golden handshake". Under the previous rules, payments of up to £25,000 were entirely exempt from tax. Payments of up to £75,000 were subject to some relief.

Mr Lawson said that termination payments up to £30,000 would in future be exempt from tax. All payments above that amount would be taxed in full.

Mr John Andrews of Coopers and Lybrand, says that despite abolition of relief on larger payments, highly-paid recipients of golden handshakes are likely to opt for cash rather than pension benefits. This is because abolition of relief above £20,000 has been offset by the cut in the top rates of tax.

For those expecting a large pension, taxation on both golden handshakes and eventual pension benefits is likely to be 40 per cent. Most will prefer to get their money immediately, he says.

Incentive to set up businesses 'reduced'

By Charles Batchelor

FEWER executives will be tempted to leave large companies and set up their own business in the wake of tax changes in the Budget, says a leading British Venture Capital Association.

This will reduce the number of new companies being set up in Britain and will have an adverse impact on the venture capital industry, said Mr Lionel Anthony, chairman of the association, whose members provide equity, capital and management advice for expanding companies.

Mr Anthony said: "This is probably the worst single event to affect the venture capital industry in the past five years. It has been greeted with universal dismay by the venture capital community."

The association plans to lobby for a change in the proposed legislation in the next few months. The problem has been caused by the Chancellor's decision to treat earned income and capital gains alike for tax purposes. Previously, one of the incentives for people setting up their own company was a stake in the business and the prospect of a sizeable capital gain taxed at only 30 per cent.

Now that high-earning executives will be taxed at 40 per cent on both income and capital gains, there will be no incentive to accept a lower salary in a small company in return for the likelihood of a capital gain if the business is successful.

"If the good executive is to be coaxed out of his comfy life with a large employer to take the risk of setting up on his own he has

to have something to go for," said Mr Anthony. "Why should he leave if his employer can entice him to stay with a larger salary package which is taxed on the same basis?"

Mr Ronald Cohen chairman of Alan Patrick Associates, a venture capital firm, is also talking to a few executives at the moment. I am sure they will think twice now. This is effectively an increase in capital gains tax and gives less of an incentive to venture forth."

British venture capitalists have been worried for some time at the reluctance of British managers to leave well-paid jobs with large companies. Managers in the US, in contrast, are far more willing to move.

A survey carried out by the venture capital association showed the main factors deterring British managers were a lack of personal finance, lack of external finance, a fear they would not regain existing job seniority if the venture failed and concern at the loss of value of their pension.

The cut in top income tax rates from 60 to 40 per cent will, in contrast, allow managers to keep more of their earnings, helping to overcome the problem of a lack of personal finance.

Apart from acting as a disincentive to entrepreneurs, the tax move will also mean that the stakes which venture capitalists they back, known as the "carried interest," will also be worth less after tax.

Companies may provide 27% more tax this year

By Simon Holberton

COMPANY TAX has assumed a greater importance than before in the Government's total revenue accumulation, documents which accompanied the Budget indicate.

Companies are expected to pay 27 per cent more tax in the coming financial year than in the year just ending. Their contribution to total revenue is to rise from 12.8 per cent to 15.4 per cent, and represents a more than two-fold increase over the 7.8 per cent (or 24.6bn) share of total receipts contributed by companies in 1979-80.

The year-on-year surge in company taxes compares with a projected increase of 1.9 per cent for income taxes in general and a 7.2 per cent rise in customs and excise duties.

Corporate Britain will pay about £15.5bn in tax, according to the Treasury's latest estimate for company tax receipts in 1987-88. Next year it is forecast that companies will pay £19.5bn.

The rise in the importance of companies as a source of revenue coincides with the appointment of Mr Nigel Lawson as Chancellor. It was with his first Budget, in 1984, that he earned a reputation as a tax reformer through a thorough review and redesign of company taxation.

However, it was these "reforms," together with rapid economic growth and buoyant company profits, which have underwritten the increasingly important change that has occurred in the structure of the

Government's tax take. The changes Mr Lawson made to company tax in 1984 greatly reduced allowable deductions against profits by the gradual elimination of first-year investment allowances and removed any element of indexation from the corporate tax base, thereby exposing it to the vagaries of fiscal drag. At the same time, he cut the company tax rate from 52 per cent to 35 per cent.

Because of the investment allowance, many companies did not pay tax. Their removal, therefore, led in time to more companies paying tax. The Institute of Fiscal Studies estimates that only 11.6 per cent of companies will be "tax-exhausted," that is non-taxpayers, in 1988.

Most of the tax forecast to be paid in the 1988-89 year will come from company profits earned in 1987, but some will derive from profits earned in 1986. In 1986-87 profits in the non-oil economy were 24.5bn, a 22 per cent increase on the previous year, and, according to Mr Davy Davies of Goldman Sachs, in 1987-88 profits rose by a further 14 per cent to an estimated 25.3bn.

Company tax experts also believe the Treasury's coffers will be boosted by the capital gains gains companies have had to pay takeover activity. As with individual companies, pay tax on the capital gain made through the buying and selling of assets.

Benefit change will wipe out gains for many families

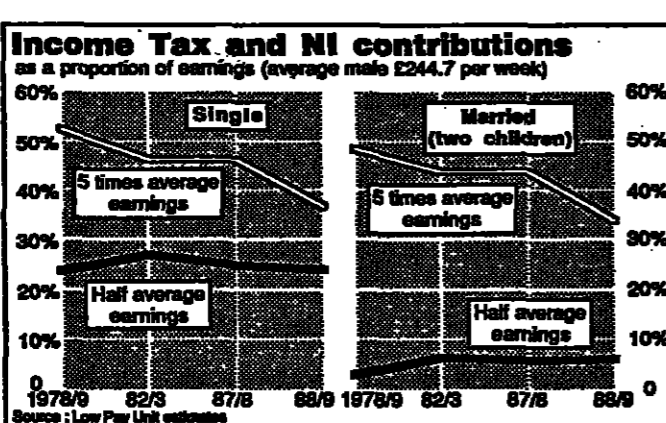
By Ralph Atkins

FOR THE married couple on a high income, Tuesday's Budget brought considerable relief for their low-paid neighbours it was a different story.

In addition to the unemployed, about 3m people will not benefit from the tax cuts because they earn too little to pay income tax. Nor do the tax changes significantly alter what the poverty trap, which cuts social security benefits to some low-income families almost as fast as their earnings increase.

Many families will see their gains from the 3p cut in the basic tax rate wiped out by the changes to the social security system which comes into effect in April. Because it will assess needs on income after tax, a smaller amount paid to the Inland Revenue will mean less in benefit from the Department of Health and Social Security.

Estimates from the Low Pay Unit, which lobbies on behalf of



the poor, show the trend of a rise in the tax burden on low-income families has continued. At the other end of the income scale, the proportion of earnings paid to the Government has fallen.

The unit calculates that a married couple with two children and

earning £122 a week - less than the decency threshold set by the Council of Europe - now pay about 6.1 per cent of their income in income tax and national insurance. In 1979 they paid 2.4 per cent.

Mr Chris Pond, director of the

unit, said: "The Chancellor boasts proudly that he has managed to balance the budget. But he has failed to balance the scales of justice between rich and poor."

Even above poverty levels, Mr Lawson's tax reforms have exaggerated an anomaly in the different burdens paid by the rich and poor.

On incomes below £15,960, the amount of tax paid rises to 34 per cent, including 25 per cent income tax and 9 per cent National Insurance. On income between £15,960 and £19,300, the rate falls to 25 per cent. Yet above £19,300 it rises to the new top rate of 40 per cent - just 6 percentage points above the rate paid by the lowest-earning taxpayers.

At low-income levels Mr Lawson was, to an extent, backed by plans changes in the social security system. The new system,

based on income after tax, will ease the most acute form of the poverty trap, where an extra pound earned results in more than a pound being deducted from benefit payments. But the Low Pay Unit estimates the number of households where the amount lost will be above 70p is likely to rise by 50 per cent to more than 500,000.

Tax changes introduced by Mr Lawson will make little difference. Before the budget the Institute for Fiscal Studies estimated that if a married man with three children saw his pay rise from £75 a week to £145, his disposable income would rise by only about 25, because of increased tax and reduced housing and social security benefits.

The difference under the low-income tax rate, the IFS said yesterday, will be in pennies, not pounds.

Rush to beat mortgage deadline expected

By John Brennan

MORE THAN 10 per cent of home buyers will be directly affected by the ending of the tax concession on pooled mortgage interest relief in August, according to Halifax Building Society.

Mr David Gilchrist, Halifax's general manager, planning, believes that "the effect on prices will be offset by higher real incomes, and for first timers prices will gradually adjust themselves to buyers' ability to pay."

In the meantime, he said, "we think that we could be in for an old year as people bring forward buying decisions before the August deadline, and as we have a slowdown of activity towards the winter."

The 250,000 home loans that already rely upon pooled incomes

for repayment will be unaffected by the ending of the concession for property purchases after August 1 this year. But residential agents expect a rush of completions in the summer months, as first-time buyers club together to afford a home, and existing pooled-mortgage buyers move.

The reason for this prospective flurry of activity at the bottom end of the private housing market in and around London is evident in the last quarter of 1987 figures from the London Research Centre. These showed that the average price paid for a home in central London had reached £104,000 - more than twice the national average. The same price survey showed that half of all first-time buyers in the capital paid more than £60,000 for their homes.

As Mr Peter Goodwin of the Research Centre said: "No wonder home purchase in London is now overwhelmingly a two-income activity."

The continued restriction of mortgage interest relief to "borrowers' only or main residence" excluding the possibility of any loan interest relief in multiple home buying to collect £30,000 of loan interest relief each time.

Mr Bill Yates, head of Knight Frank & Rutley's residential division, sees the ending of the two-buyer home arrangements as "a blow to the ability of any price for the average three-bedroom London house or flat." On the other hand, "the fact that husband and wife will be assessed separately will undoubtedly

ably increase their ability not only to purchase more expensive houses but to maintain and run them."

Mr Ian Stewart of Savills forecasts that, "with a general increase in net disposable incomes, a return of general confidence and a resultant increased demand for residential property would suggest home price rises in 1988 between 12 and 15 per cent."

That is roughly in line with Halifax's unreserved forecast for average home prices nationally in 1988, when, despite the ending of tax relief on loans for home improvements, the building societies, banks and other mortgage lenders are forecasting a 25bn increase in their net home loans to £34bn.

Exchange rate conversions use the purchasing power equivalent of sterling in July 1987. Gross income includes personal reliefs, employment income reliefs and other standard reliefs.

Top rate is 'second lowest' in big league

By Ralph Atkins

BRITAIN'S TOP tax rate is the second lowest among large industrialised economies, according to figures published yesterday by the Treasury.

The new rate of 40 per cent top earners pay at a rate of about 35 per cent, but less than in Canada, France, West Germany, Italy and Japan. Britain's threshold above which the top rates are paid is at the bottom of the league table.

In his Budget speech, Mr Nigel Lawson said the majority of European countries have top tax rates of less than 60 per cent. He said among English speaking countries outside Europe, including Australia and New Zealand, top rates were less than 50 per cent.

However, the Government believes there is still scope for cutting further the lowest rate.

INTERNATIONAL TAX COMPARISONS				
Country	Starting rate	Starting rate threshold (£)	Top rate	Top rate threshold (£)
Canada	26.5%	5,003	43.5%	25,000
France	12.8%	6,998	56.8%	53,463
Germany	32.0%	3,499	55.0%	55,570
Italy	32.0%	3,399	62.0%	253,424
Japan	17.5%	2,298	70.0%	152,607
UK	25.0%	4,098	40.0%	19,301
US	15.0%	5,098	34.7%	22,088

Figures are for a married couple with no children and assume that the income of the couple is wholly employment income of husband. Figures relate to 1988 (1988-89 in case of UK). Source: The Treasury

The Treasury figures show that among the same seven countries Britain's rate of 25 per cent is the second highest.

The figures are based on rates for the current financial year paid by a married couple with no children. They include local income taxes in Canada, Japan and the US. Social security con-

tributions have been taken into account where they are deductible in computing taxable income.

Exchange rate conversions use the purchasing power equivalent of sterling in July 1987. Gross income includes personal reliefs, employment income reliefs and other standard reliefs.

Large-scale conifer planting likely to end in England

By Bridget Bloom

FORESTRY policy guidelines which seem likely to end the massive planting of conifers in upland England - but possibly not Scotland - were announced yesterday.

The guidelines come in the wake of the decision, announced in the Budget, to end tax incentives for forestry plantations.

The much-criticised incentives favoured very high taxpayers and resulted in blanket conifer planting in environmentally sensitive areas such as the Flow Country in northern Scotland.

The policy announcement came in a statement from the Department of the Environment, associated with the Ministry of Agriculture.

Mr Nicholas Ridley, Environ-

ment Secretary, said the Forestry Commission, which is responsible for day-to-day control of forestry, was to be told it would not normally be expected to approve planting consisting mainly of conifers in upland areas of England.

The only exceptions would be small areas where it was clear that such planting would be environmentally acceptable.

Improved grants for forestry, to be announced next week, are expected to encourage the planting of broad-leaved trees particularly on land not needed for agriculture.

However, there was confusion last night as to whether the new guidelines applied to conifer planting in Scotland.

A separate announcement from the Scottish Office not only failed to mention the guidelines but reiterated that policy was still to plant 30,000 hectares of new forests each year, a target which most observers believe is impossible without large-scale planting of conifers.

Last year, for example, only some 440 hectares of conifers were planted in England against nearly 17,000 planted in Scotland by the private sector.

While the effect of Mr Nigel Lawson's Budget measures seems certain to reduce conifer planting in Scotland, the absence of any mention of the new guidelines in the Scottish Office statement suggests that forestry ministers remain divided.

Mr Malcolm Rifkind, the Scottish Secretary, has argued in the past for the retention of the now abolished tax incentives, while Mr Ridley and Mr John MacGregor, the Agriculture Minister, along with Mr Lawson, were in favour of their abolition.

● The Chancellor's decision to reduce capital gains tax on 1988 instead of 1989 values has been welcomed by farmers and landowners' associations.

The decision means very few farms, if sold now, would attract capital gains tax. Savills, the estate and land agents, say this is likely to bring a substantial amount of land on to the market.



Nicholas Ridley: Conifers are no longer approved

Major defends fairness of tax cuts

BY TOM LYNCH

ACCUSATIONS that the slashing of the top rates of income tax rendered Tuesday's Budget unfair were forcefully rebutted by Mr John Major, the Chief Secretary to the Treasury, in the Commons last night.

Leading for the Government in the second day of the debate on the Budget, Mr Major stressed that a low-tax environment helped the "meritocracy," encouraging key specialists to stay in the UK, and allowed an assault on tax shelters, which he limited might be pursued in future years.

He said a married man on average earnings would gain £270 a year from the Budget, and so would need a pay rise of less than 2 per cent to maintain living standards this year.

Mr John Smith, the shadow Chancellor, attacked the Budget as "an outrage. It is immoral, it is wrong, it is foolish, it is divisive, it is corrupting." He condemned the large cuts in income tax for the well-to-do, while many poor people would get little or nothing, and while the National Health Service was "in crisis."

However, he claimed that the Budget priorities represented "a massive political miscalculation" because the "decant majority" would revolt against it.

He described as "an idiotic Punch and Judy show" recent apparent differences over exchange rate management between Mrs Margaret Thatcher, the Prime Minister, and Mr Nigel Lawson, the Chancellor of the Exchequer.

The lack of extra resources for the NHS was condemned from the Conservative back benches by Sir Ian Gilmour (Chesham and Amersham), the former Cabinet minister, who also teased the Government by comparing economic policy between 1983 and 1987 to that presided over by Mr Edward Heath in 1971-73, a period generally disowned by the current Conservative leadership.

Mr Major denounced the Labour Party's "cheek" in seeking to advise him on how to use the extra resources generated by the Government's success and which would not have been available had Labour been in power.

Claiming that high tax economies worked better than low-tax regimes, he reminded MPs that

in spite of top-rate cuts in 1978, the top 5 per cent of taxpayers were contributing 29 per cent of income tax revenues against 26 per cent then. In the same way, the lowest corporation tax rates in the industrialised world had attracted companies to the UK, so that the company sector now contributed a higher proportion of tax revenues than when rates were higher.

He rejected Labour claims that the cuts in top rates of income tax were aimed at the very rich. Two-thirds of the gainers had incomes under £40,000, the income bracket covering scientists, engineers, doctors and surgeons — "the meritocracy," not the outstandingly rich and privileged. It is those people who wish to help, to provide incentives for and to keep in this country.

Those who disagreed with the cuts in top rate "must explain to the sick and the unemployed why they want to cling to a 'tax regime' that offers low rewards to those who can most help them and encourages them to go and seek their rewards overseas."

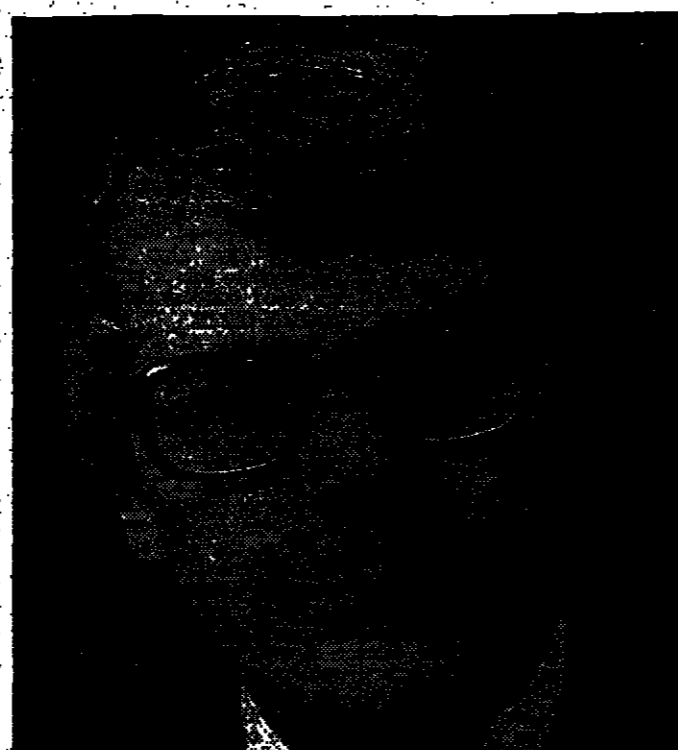
"Pension tax rates do not encourage efforts, risk-taking or wealth creation. All they encourage is tax avoidance, tax evasion and evasion."

Mr Major stressed that the other side of the coin of low rates of tax was to ensure that everyone paid their fair share — the curbing of forestry tax breaks and the doubling of scales for company cars were "a significant contribution to making the impact of the tax system fairer."

Large-scale tax avoidance was "an inevitable consequence of a tax regime which gives the highly paid and the better-off incentives to invest in tax planning. It is right, in a Budget where we are bringing tax rates down, that we should take measures that start to remove such shelters."

Backed by delighted Tories, he urged Mr Smith to tell the House whether Labour would reverse the latest tax cuts, raise the tax thresholds or seek to return to the 30p basic rate of income tax which prevailed before last year's Budget. However, the shadow Chancellor remained in his seat.

Opening the debate, Mr Smith said no Budget this century had



John Major: encouraging specialists to stay

given so much to the very rich. He said 10m people had incomes too low to benefit from the cut in the basic rate, while about 2.5m affected by next month's benefit changes would gain a few pence a week.

The top 10 per cent of households would get 50 per cent of the concessions from the Budget, while the lower half of households by income would get 10 per cent. It was a "confronting illusion" for Conservatives to claim that cuts from top earners would increase, but the Chancellor had costed the cut in top rates at £2bn a year.

He criticised the Chancellor's failure to raise the income ceiling for employees' national insurance contributions as "a special extra tax on those who earn less than £18,000 a year."

Mr Smith attacked the Chancellor's refusal to announce extra funds for the NHS. Rejecting the argument that that was not the function of Budgets, he recalled

— to decisive Conservative leadership — that Mr Denis Healey had announced extra cash for the NHS in one of his Budgets.

"The fight to save the NHS will go on, it must go on," he pledged to Labour chiefs. He said many Tories saw the NHS's difficulties as an opportunity for private medicine — "like sharks sniffing blood in the water, the enemies of the NHS are circling, ready to strike."

Mr Smith said there should also have been something in the Budget for investment in education and training, research and development and the infrastructure, and to help ease the North-South divide.

He criticised the Government's claim that the Budget had featured an attack on tax shelters — quoting what he claimed was an abuse of the business expansion scheme to finance a hotel providing bed-and-breakfast for the homeless and describing the expansion of the NHS into rented



John Smith: attacking Budget as 'divisive and corrupting'

"An idiotic Punch and Judy show took place over who runs the shop. Judy has slaughtered Punch and the may go on hearing him about the house."

In his Budget, "The Chancellor has revealed in all its vulgarity and unfairness, the Thatcher vision of society, in which unfairness, inequality and injustice march side by side. There will be a reaction among the decent majority of this country towards this Budget. It is a Budget too far, it is the beginning of the end of Thatcherism."

Sir Ian Gilmour questioned the Chancellor's claims of a "transformation" of the economy. Growth since 1979 had averaged 1.8 per cent, the lowest in any previous eight-year period. Any claim to transformation must relate to 1985-87, which he compared with the 1971-73 boom.

He reminded the Government that ministers now condemned that period as one of profligate monetary and fiscal profligacy in

which real jobs were not created — yet the rise in the money supply was similar in both periods. This time, it was important to ensure that there was not simply another consumption boom.

He said the Treasury's revenue was buoyant because of rising expenditure while personal savings were falling. Personal consumption had risen by about the same in both periods, but the Heath Government had the "bad luck" to run in to the fourfold increase in oil prices.

The Government had laid the foundations for a new economic policy, but had then built far from those foundations, on the "same old boggy mire they denounced previous administrations for founding in."

He suggested that events in the economy could be explained by "an unusually large and prolonged dose of stop-go" and warned that demand was being driven up towards the limit of the UK's productive capacity.

Plain John has fun over Punch and Judy show

THE COMMONS was still in a turbulent mood yesterday for the resumption of the Budget debate following Tuesday's rowdy events when Chancellor Nigel Lawson presented his controversial package.

On this occasion, however, much of the noisy heckling was coming from Tory backbenchers who had been loudly condemning the unseemly behaviour of Labour MPs and the Scottish Nationalists the previous day.

Their tactics held no terrors for Mr John Smith, Labour's pugnacious shadow Chancellor who ploughed on with full speed through these stormy waters like an old-fashioned ironclad.

During environment questions earlier Mr Nicholas Ridley, the Environment Secretary, had confessed that he was not sure what was meant by "estuarine development schemes." His puzzlement at this ungainly phrase was understandable but the Oxford Dictionary defines the first word of the trio as the adjective derived from estuary.

There was no such doubt about the blunt terms employed by plain John Smith as he savaged the Lawson Budget and casually greeted any Conservative MP who had the cheek to intervene. An outrage, immoral, foolish, divisive, corrupting, mistaken, wrong-headed — these were just a few of the terms used to describe proposals which he saw as the century's greatest redistributions of wealth in favour of the rich.

To the delight of his colleagues, Mr Smith made great sport with the alleged divisions between Mr Lawson and Mrs Thatcher over exchange rate policy and the level of sterling. It was, he said, an "idiotic Punch and Judy show" in which Judy (Mrs T) had slaughtered Punch (the Chancellor) and would go on beating and beating him.

Nigel, who is pretty good at disliking out the invisible himself, sat impassively on the Government front bench throughout this stirring stuff. That intrepid, or perhaps foolhardy, Conservative backbencher, Tony Marlow, was the first to try his luck against the shadow Chancellor. He complained that Mr Smith kept hanging on about tax on the old Labour assumption that it was a means of punishing people.

Mr Smith seemed to have forgotten all those who had previously used tax shelters but who could find themselves paying more tax in future as a result of the Budget. Labour MPs laughed scornfully at what they believed to be the naivety of this notion.

Mr Smith sighed and observed: "It is interesting to hear the comforting illusions of honourable members opposite."

The Labour spokesman claimed to have seen a sense of shame on some of the faces of Tory MPs the previous day as Mr Lawson unveiled his Budget. He was not sure whether Mr Marlow had been among this apprehensive group.

Naturally, Mr Smith made great play with the Chancellor's decision to use revenue to reduce taxes instead of pouring it into the National Health Service. This brought Conservative jeers alleging that the Labour Party had a vested interest in the campaign for more resources for the NHS.

But Mr Smith turned the tables on his critics. "I hope we have," he roared. "It is an interest I am proud to declare and ever prouder to fight for."

He won loud applause from the Labour benches as he sat down after a rousing finale in which he claimed that the package revealed Thatcherism in all its vulgarity — "It is a Budget too far. It is the beginning of the end of Thatcherism."

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John Major, Chief Secretary to the Treasury, who replied for the Government, has hitherto been rather a prey figure at the despatch box. But yesterday he leapt into the cut and thrust of the battle with gusto. Hardly had he got a word out when the Labour hecklers were trying to drag him down.

"We've heard it all before," they scoffed as he listed what he saw as the Government's economic achievements.

"And you are going to hear it again," he snapped back at them. "This is a good story and I am going to keep telling it to you until you understand it."

When a Conservative made a helpful intervention left-winger Dennis Skinner, who has a well-known contempt for lawyers, observed that it did not amount to much as it was only a barrier speaking. Mr Major reminded him that Mr Smith was himself a Queen's Counsel, so he feared to think what Skinner thought of that.

All of this seems to indicate that the bellious Lawson style has proved catching at the Treasury.

JOHN HUNT

Fair competition with NHS urged by Moore

BY PETER RIDDELL, POLITICAL EDITOR

THE PRIVATE sector of health care should be helping to train up to 1,000 nurses a year, Mr John Moore, the Social Services Secretary, urged last night.

Addressing the first annual dinner of the Independent Hospitals Association in London, Mr Moore welcomed competition with the National Health Service, but added that it should be fair and seen to be fair.

His remarks reflect concern in the NHS over the continuing large-scale movement across to the private sector of nurses and other staff extensively trained by the public sector, partly as a result of pay differentials.

He pointed to one estimate that some thousand qualified nurses join the private sector each year from the NHS, and that many have qualified experience. "If the mixed economy of care is to develop harmoniously then the private sector must make a bigger input to recognised training either through greater co-operation with the NHS or by working

with the National Boards for Nursing to establish (private sector) training courses."

Mr Moore noted that at the end of 1986 30,000 qualified nurses were employed in the private sector and said there had probably been substantial growth since then. He said this placed a significant demand on the skilled staff available to both sectors.

"At a time when demography is turning against us in terms of the new recruits likely to enter nursing over the next decade, it is vitally important that we both take the problems of training qualified staff seriously."

Consequently, Mr Moore said he would like to see the private sector committing itself to increase the supply of skilled staff in line with its demands for them.

Mr Moore said he saw a vital and developing role for the private health care sector and its relationship with the NHS based on choice, competition and collaboration.

Opposition's ability to rein in the troops called into question

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

WHILE there is no doubting the veracity of the impassioned outpouring of anger among Labour MPs during the Chancellor's Budget address on Tuesday, the unprecedented scenes of disruption have again raised questions about the Opposition's ability to control its parliamentary troops.

Labour backbenchers appeared genuinely furious at what they claim to be Mr Nigel Lawson's gratuitous slap in the face for the less well-off and for the National Health Service.

But although their sentiments are shared with equal vigour by the party's front-bench, there was considerable dismay that Labour had, however tamely, tried to deflect the thrust of its main argument.

Predictably, Tory MPs were repeating their claims that the Labour Opposition was in fresh disarray while Mr David Steel, the joint leader of the Democrats, claimed that Mr Neil Kinnock, the Labour leader, was now unable to control his own party.

The scenes which had parliamentary observers reaching for their reference books in an

attempt to establish a precedent were not, it is fair to stress, solely the responsibility of the Labour Party.

The row had set in when Mr Alex Salmond, the Scottish National Party MP for Banff and Buchan, got himself suspended after a premeditated protest over the Chancellor's proposals. In the event, he was to be quickly unseated by Labour MPs perhaps encouraged by his own performance.

No sooner had Mr Brian Wilson, the Labour MP for Cunningham North, described the SNP antics as "cretinous behaviour" than his own colleagues were weighing in to add to the mayhem.

Having first halted proceedings for 10 minutes, they then forced a vote on a technical motion which normally goes through on the nod. Frantic efforts by Mr Derek Foster, the hard-pressed Labour chief whip, to keep the party in line meant the revolt was confined to four votes.

Yesterday, several Labour MPs continued to voice their annoyance at the tactics of some of

their colleagues and there was some implicit criticism of the ability of party whips to exercise proper control over proceedings in the House.

Mr Kinnock, who had on Tuesday been forced to reprimand his own backbenchers before turning his anger on Mr Lawson, acknowledged there were "huge reservations" among MPs about the chanting tactics which had been employed.

But the Labour leader, while not condoning the scenes in the Commons, was quick to explain them away as an understandable expression of anger and resentment at what the party regards as a series of morally flawed and socially unjust Budget proposals.

Minimising the indications of his backbenchers, Mr Kinnock said the strategy would be to "attack, attack and attack" the Government "for what he described as its moral dishonesty."

Some of the leadership's immediate annoyance at the use of such disruptive tactics had, in any case, melted overnight. There was even some satisfaction that the protests had managed to

concentrate attention on the most contentious elements of Mr Lawson's package.

He conceded the Government's claim that the Budget had featured an attack on tax shelters — quoting what he claimed was an abuse of the business expansion scheme to finance a hotel providing bed-and-breakfast for the homeless and describing the expansion of the NHS into rented

— to decisive Conservative leadership — that Mr Denis Healey had announced extra cash for the NHS in one of his Budgets.

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In a separate move, Mr Stuart Bell, the MP for Middlesbrough, has directly raised Tuesday's events with Mr Roy Hattersley, the deputy leader of the party. Last night, he condemned what he called "parliamentary hooliganism."

The renewed unhappiness over discipline inside the Commons, following previous episodes when Labour whips failed to maintain good order within party ranks, yesterday inevitably led to a fresh wave of speculation about the future of Mr Foster.

The Labour Chief Whip has come in for repeated bouts of criticism over his handling of a parliamentary party not best known for its uniformity of opinion and the latest episode will not have enhanced his reputation in what is always a tough job.

Whatever the reservations within the party about the behaviour of its members, there will be no early job changes as the Chief Whip is elected by the parliamentary party in the autumn.

There could also be other repercussions arising out of Tuesday's events.

Within hours of the rowdy scenes, Mr Tony Marlow, the Tory MP for Northampton North, had tabled a motion calling on the Commons to reconsider its recent decision to televise its proceedings.

Mrs Thatcher, who voted against the televising experiment, will have regarded Tuesday's events as further support for her conviction that the reputation of the House will suffer under the glare of television cameras.

The Prime Minister believes, however, that the vote in favour of admitting cameras having been taken, the experiment should be allowed to take place.

It was being emphasised yesterday, however, that the Commons first has to overcome the argument over composition of the select committee being established to lay down the ground rules for the experiment. MPs will then have to vote on the committee's recommendations after the experimental period is over.

Haringey Council attacked

By Ivor Owen

LABOUR-controlled Haringey Council's priorities in allocating its financial resources were condemned by Mr Michael Howard, the Minister for Local Government, in the Commons yesterday.

He quoted a complaint by the council's former director of social services that while it had spent thousands of pounds on a festival to make a point about nuclear waste and £50,000 a year on a cat's home, 40 child abuse cases were awaiting a social worker and pensioners were living eight to a room in an old people's home.

Labour MPs disputed the allegations and Mr John Cunningham, the shadow Environment Secretary, accused the minister of abusing Question Time.

Mr Howard replied that he could well understand Mr Cunningham's embarrassment at having to listen to the truth about what "Labour local government is really like."

Labour-controlled Southwark Council was attacked by Mrs Marion Roe, Environment Under-secretary, for allowing rent and rate arrears to amount to £25.5m.

She noted a suggestion by Mr Gerald Bowden (C, Dulwich) that commissioners should be appointed to do the job "Southwark council was clearly unable or unwilling to do."

Rees urges N Ireland contacts

BY IVOR OWEN

TO PREVENT the murders at the IRA funerals in Belfast leading to a wave of reprisals contact should be made with paramilitary leaders on both sides of the political and religious divide in the province, Mr Marylin Stacey, the Labour Northern Ireland Secretary, suggested in the Commons last night.

He warned: "When tit-for-tat killings start, very little can be done."

Mr Rees said the paramilitary organisations should be told that unless they asserted their authority the bloodshed would go on for weeks.

"The British security forces can play little part in this," he said.

The Speaker (Mr Bernard Weatherill) rejected an application by Mr Seamus Mallon (SDLP, Newry and Armagh) for an emergency debate on the killings.

They were described by Mr Neil Kinnock, the Labour leader, as a "dreadful atrocity."

In an article published in

today's Catholic Herald Mr Kevin McNamara, Labour's shadow Northern Ireland Secretary, calls for an inquiry into the killing of the three IRA members — shot by the security forces in Gibraltar — who were buried in Belfast yesterday.

He recalled how the self-styled IRA active service unit was under surveillance from the time it entered Gibraltar and asserts that the way the situation was handled "seems irresponsible and dangerous."

Mr McNamara states: "Putting at risk the lives of the citizens of Gibraltar in order to kill three known members of the IRA and in such a manner was not the behaviour of a civilised and responsible Government."

He added that the outlawed Ulster Freedom Fighters played no part.

Mr Mallon insisted that the UDA — an organisation committed to "bloody murder" — should be proscribed.

In an article published in

S Africa 'faces loss of respect' on Sharpeville 6

SOUTH AFRICA will lose the respect of the entire world if there is no response to the appeals for clemency for the six blacks convicted of complicity in the killing of a Sharpeville township councillor, Mrs Lynda Chalker, Foreign Office Minister for State, told the Commons last night.

She underlined the continuing efforts being made by the Gov-

ernment, through diplomatic channels and the United Nations, to prevent the five men and one woman being hanged tomorrow.

Mr Gerald Kaufman, Labour's shadow Foreign Secretary, led demands from the Opposition benches that Mrs Margaret Thatcher, the Prime Minister, should "pick up the telephone" and speak directly to President Botha and urge him to stop the hangings.



Lynda Chalker: continuing diplomatic efforts

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TECHNOLOGY

THE RAPID expansion of trading activity in the City of London over the past couple of years has had a galvanising impact on the growth of telecommunications. It has also brought exceptional challenges. Take, for example, the problem that faced Ray Almond, the telecommunications manager of Daiwa, the Japanese securities house, just 12 months ago.

At that time, Daiwa was in the process of a headlong expansion from 150 people to 350. Last April, a team of senior executives from Japan began talks on the move to a larger building in King William Street to cope with the expansion. "The lease was signed on June 19," says Almond, "and I was given instructions to turn this into a live trading institution by October 5 - just 4 months."

Almond, a former Ministry of Defence specialist, admits to a moment of anxiety about the timetable. He knew that British Telecom was acutely overstretched and had run into capacity problems in the City, and he also knew that pushing the project through in the given timescale could pose horrendous logistical problems in bringing suppliers from different organisations together.

His answer was to abandon the traditional way of running a large office communications system in the UK. Instead of going out to choose a private telephone exchange (PABX), and then linking that up with British Telecom lines, he decided to opt for a technology new to Britain called Centrex.

Centrex is a switching system which is a sort of hybrid between a private and a public exchange. It is designed to perform all the functions of a PABX located on a company's premises. But the switching is done remotely in an exchange run for a multitude of users by the public telephone company - in this case Mercury, the licensee competitor to British Telecom in the UK.

While new to Britain, where the first Centrex exchange facility was installed by Mercury about a year ago, the technology is well accepted in the US. Some estimates indicate that 25 per cent of all business switching in America is done through Centrex exchanges.

Several points counted heavily



Ray Almond, telecommunications manager of Daiwa Europe and a strong believer in Centrex

How Daiwa found all the answers in Centrex

Terry Dodsworth explains why the securities house opted for an alternative telecoms system in its race to meet trading deadlines

with Almond when weighing up his options:

● Mercury promised to have the Daiwa telecommunications system up and running to the tight schedule that had been set by top management. "I approached BT and said that I wanted a minimum of 5,000 lines by October 5. They said they could let us have 300," he says, "and that immediately put our deadline in jeopardy."

Mercury was able to offer such a large number of lines so quickly because of its fibre optic network, now largely installed in the City. Daiwa is linked directly into Centrex through this fibre optic system, which offers far

more capacity per line than the traditional copper-based network.

● Centrex involved no capital outlay. "I could get an installation worth \$2m without putting down any capital," says Almond. "I lease it, and if I'm not satisfied, I can cancel the contract after a year."

● The system promises to be highly flexible. As switching techniques evolve, for example, new services are added to Centrex by Mercury, whereas they would have to be purchased and installed locally with a private PABX. It is also easy to add on to the Centrex system. And if a company moves premises

which many City institutions have done recently - it can take all of its numbers with it; all that is required to connect up the new location is a software change in the Centrex exchange.

● Maintenance is done by Mercury personnel 24 hours a day. Faults are monitored through a remote, computerised system, which picks up failures and isolates them for treatment.

● Centrex uses less space than a traditional PABX, an advantage in a high-priced area like the City of London.

Almond also found other advantages in going the Centrex route, although these were not necessarily connected directly with the exchange itself.

By opting for the Mercury service, for example, he gained immediate access to a large number of direct-dial-in numbers - private numbers which give customers immediate access to the desk of the trader or executive they want to reach. BT had trouble offering the large block of consecutive numbers he wanted because of the heavy demand for such numbers; but Mercury, as a young company, was able to make the numbers available.

In addition, Almond has been able to bring pressure on BT to speed up its service by following the Mercury route. The Daiwa offices are now well supplied with BT equipment as well, notably leased lines which give direct connections between City institutions, and avoid the delays that occur on the public switched system. In many instances, there is no alternative to using BT for these connections, since Mercury does not have links into all the institutions.

The snags in installing the new equipment have been surprisingly few, says Almond. There was an initial problem with software, which needed adapting for the UK market; Mercury's Centrex switch was bought from Northern Telecom of Canada, which had initially designed the system for North America. Once this was ironed out, however, the programme was kept in line for the deadline. "On October 5 everyone at Daiwa was in these offices, and Daiwa traded," says Almond.

One thing that is not clear from the Daiwa experience is how total costs compare with a conventional approach. Mercury charges customers \$150,000 a year for the lease of the equipment, making the bulk of its money from call revenues. But competitors are difficult because Daiwa has grown so rapidly over the last 18 months, while the slide in the markets since October has cut telephone volume.

Almond believes, however, that the new system is competitive, and, more particularly, he is convinced that it answers Daiwa's needs. As a telecommunications specialist, he has been unequivocally seduced by the ease and flexibility with which Centrex can be used. "Any telecommunications manager with an eye to the future has to be crazy not to go to Centrex," he says.

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WORTH WATCHING

Edited by Geoffrey Charlish

Cash recognition strikes right note

FAKE BANKNOTES can be recognised and rejected by a £1,000 machine made in Sweden by Armetec. It is intended for use with change machines, petrol pumps and vending machines which dispense high-value goods. The Armetec system can also be programmed to accept gift vouchers, food coupons, and many kinds of tickets.

Designated AL 07, the unit measures only 240mm x 145mm x 95mm and weighs 2kg. It accepts notes in any orientation, through a single slot, and then uses a colour analyser to tell if they are genuine.

The machine in first "tough" the correct spectral analysis by feeding in a genuine note. It looks at the entire note and can remember up to 50 such analyses. Subsequently, it will accept any good note and store it in a self-contained safe.

A note that is "doubtful" is returned to the user, or it can be "captured" and a remote alarm sounded.

The company says that although the complex patterns on notes nowadays can be replicated, coloured ink pigmentation presents very difficult problems to forgers.

The Swedish agent for the AL 07 is Axion of Solna and the unit is offered in the UK by Major-Matic of London.

Full speed ahead for on-screen simulation

ELECTRONIC SIMULATION that enables objects and scenes to be rendered on a high-definition screen and animated at speeds faster than the eye can register, has been launched by California-based company Silicon Graphics.

The company believes its \$7,000 Iris 4D 70 system will have the time needed to bring complicated products to market. It will speed the production of all kinds of modelling, simulation and animated graphics.

Images on the Iris 4D 70, when static, look like colour transparencies of the actual object. They are composed by the user employing computer-aided design software and are displayed by the system as large numbers of tiny coloured triangles or rectangles, joined

to give a three-dimensional view of the object.

To change the view of the object, all the triangles have to be "re-drawn" by the electronics. To animate it, the re-drawing must take place many times a second.

Silicon Graphics, using an array of 20 special "chip" processors acting in unison, can re-draw 120,000 triangles a second. Such speeds are claimed to be 10 times greater than the best graphics workstations currently available. They are high enough to show, for example, a gearbox operating at full speed, or a flight simulation scene of detail not normally associated with desk-top workstations.

GM radiates measures of piston ring wear

PISTON RING wear in diesel engines is being measured at General Motors Technical Center in the US by making the rings slightly radioactive. As the new rings wear, they produce small amounts of radioactive chromium debris which accumulates in the engine oil and can be measured to give an accurate value of the change in ring diameter.

Although the method has been tried before, the amount of radioactivity involved has been considered unacceptable. Now, GM has increased the sensitivity of the measurement so that the radioactivity involved is very small.

Ring wear measurements can be made continuously while the engine is running. Conventionally, for each measurement, the engine has to be stripped down for ring diameters to be checked.

Trend towards the moveable office

A PORTABLE screen, keyboard and printer terminal from Trend Telecommunications of the UK measures only 230mm x 230mm x 56mm (9.1ins x 9.1ins x 2.2ins). It can be used from home, office, car and wherever a phone or cellular radio outlet is available.

Known as E-Note, the 5600 machine has a liquid crystal display of two lines of 40 characters each. This allows word processing, and perfection of text and data before it is sent. In addition, a thermal dot

matrix mechanism prints the material on 112mm (4.4 ins) paper, fed from a 10-metre roll.

An E-note can "talk" to another E-note, a personal computer or electronic mail systems. Through these devices it can then communicate with teleconferencing. For special applications, the machine can be programmed using a plug-in "smart" card (plastic card with memory capacity).

Demolition on the quick and the quiet

DEMOLITION work has increasingly to be carried out in city centre locations where the noise of pneumatic drills is usually unacceptable.

An answer recently developed in the UK by Holmasters, a Manchester-based company which specialises in "concrete surgery", is to use a diamond wire sawing system that allows a structure to be cut up into pieces which are lifted away by a crane.

The first major application was at the Elton refurbishment scheme for The Bridges shopping centre in Sunderland. Shopping had to continue and work noise levels had to take into account nearby residential blocks.

Specifically, the task was to remove an overhead walkway system by cutting up the 675mm (27 inch) thick concrete bridge decks, which were 3 metres wide and contained 38mm (1.5 inch) steel reinforcement.

Holmasters used a continuous 14-metre loop of diamond cutting wire driven by an hydraulic motor and pulley system. The mechanism was mounted on a rack-and-pinion slide to allow the wire to be drawn through the concrete.

Apart from the great reduction of noise, compared with drilling, the job took about a third of the time.

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WHICH FORMS PART OF A MAJOR TOUR THE ORCHESTRA IS UNDERTAKING
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THE FINANCIAL TIMES HAS BEEN A FRIEND OF THE CHAMBER ORCHESTRA OF EUROPE SINCE ITS FOUNDATION IN 1981, AND IS PROUD TO BE ASSOCIATED WITH THIS GROUP OF YOUNG INTERNATIONAL MUSICIANS WHO HAVE WON UNIVERSAL ACCLAIM THROUGHOUT THE WORLD.

THIS IMPORTANT YEAR IN THE HISTORY OF THE FINANCIAL TIMES ALSO MARKS A MILESTONE FOR THE CHAMBER ORCHESTRA OF EUROPE WHOSE MAIN RESIDENCE FROM 1988 ONWARDS WILL BE THE NEW CHAMBER MUSIC HALL OF THE PHILHARMONIE IN BERLIN.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

هالة امين الاصط

ARTS

Outcry/Elizabeth Hall

Max Loppert

Not everything interesting or worthwhile reaches London immediately. In the case of Peter Dickinson's *Outcry*, which had its London premiere on Tuesday, the delay has been extreme: the work was first performed at Coventry in 1980, not quite 20 years ago. One wonders how and why this substantial piece, 40 minutes long, for choir, mezzo-soprano soloist, and orchestra managed to slip through the net.

As presented by the London Concert Choir and City of London Sinfonia under Nicholas Cloppery, *Outcry* proved to be a moving and powerful composition. The title is well chosen, for the themes of the piece are a protest, in musical settings of five poems, against man's cruelty to animals. The five movements bear parallels, in their formal structuring, with equivalent movements of the Mass Ordinary — the first, Blake's "A robin red-breast in a cage", is like a Kyrie, the second, Hardy's "The Blind Bird", like an Agnus Dei, and so on.

But any promise of musical and spiritual reassurance is undercut by the musical gestures (intentionally bold and simple, since the work was planned for performance in resonant spaces), and by the static harmonies that

underpin each movement. Indeed, one gets the feeling that Dickinson intended the long unchanging pedals to represent man's unredeemed, unchanging brutishness in the face of so much animal-world vitality depicted in the work's instrumental upper surfaces. In the most completely successful movements — such as the third, the setting of John Clare's horrifying "Badger", with its choral hollalaloo and hunting-dog baying and snorting in the woodwind — the balance between dramatic purpose, musical form, and colouristic invention is surely caught. The writing for the solo voice is less memorable, less certain in its purpose — at times, one wonders to wonder whether Dickinson is about to fall back on any number of mild English choral-soc. traditions. (He avoids the danger, but only narrowly.)

On the whole, though, this was an unexpectedly strong experience. No doubt the confused and confused of the choir (even if words were seldom audible) and of Michael Dickinson as soloist played a notable part in it. Peter Dickinson's music has gained in distinctiveness and authority of style in the intervening period, but this bleak, brooding piece seems to represent a creative path seldom again followed up.

Tamara/Off-Broadway

Frank Lipsius

In the era of *Phantom of the Opera*'s \$2m set and theatre refit, Off Broadway productions have a hard time competing, at least visually. *Tamara* has solved the problem by picking a venue that is a genuine landmark and gives the audience a guided tour: the play moves from room to room with the audience following any one of the ten major characters. When two characters meet — in the scullery, for instance — two crowds converge; viewers can follow whichever they want out of the room.

It is a gimmick, but one that has worked for *Tamara*'s previous engagements in Toronto, where it originated, and Los Angeles, where it had a long run in an historic veterans' hall. The New York venue is the equally impressive Park Avenue Armory, where military memorabilia is housed in 19th Century opulence. The production centres on a staircase at the end of a long hall lined with flags and prize showcases. The rooms off the hall include a state dining-room and a music-room, with the staircases leading up to seductive bedrooms and down to a dungeon cellar, with kitchen and maid's rooms.

The setting purports to be Il Vittoriale, the extravagant villa of Gabriele d'Annunzio, in playwright John Galsworthy's unpublished 1914 historical encounter between d'Annunzio, the legendary Italian poet and one-time rival of Mussolini, and Tamara de Lempicka, the Polish-born beauty and highly stylised art deco painter. The event takes up a whole chapter of Lempicka's recently published, well-titled biography, *Passion by Design*, written by her daughter. The emphasis in the book is on the attraction between the elderly, ugly lecher and leggy aspiring painter during a ten-day visit in which the visitor ultimately ran out of the house into the rain to escape her host's incessant advances.

The play, with the attractive Anna Katarina in the title role and a head-dovene Frederick Rolfe as her host, does not entirely escape the seductive bedroom scenes. But it adds all other kinds of domestic and political intrigue. For, in addition to Tamara, a recent arrival (Jack Weatherall), a handsome young

chauffeur far too educated to be as humble as he seems. Among the hangers-on is dilettante composer Gian Francesco de Spiga, played elegantly by Patrick Hogan, who sports philosophy between phone reports to Il Duce. A subplot sneaks along the cellar as the elderly stern housemaid, Smilla Pavese (Roma Downey) takes an over-protective, solicitous interest in the attractive ballerina, Carlotta Barra (Cynthia Dale), who hopes to get a recommendation to Diaghilev from d'Annunzio.

The characters are well-defined and no more exaggerated than in the biography. But billed after the Los Angeles run as a "living movie", it has more of the air of a living set opera. Attending it is also hard work, running behind the characters for names and times. Compared with the larger, or less crowded, Los Angeles production, this one gets caught up in its traffic patterns, with too many people converging too often at the staircase.

Audiences are treated as guests, with tickets costing \$120 each to include generous amount of liquor and a buffet meal. If the play depicts the height of fascist excess, the production takes advantage of the last throes of New York's bull-market mentality: its cast and expense should give it a cult following.

Richard Foreman of the Hysterical Ontological Theatre celebrates his twentieth anniversary with his own competition for Broadway opulence. A survivor of 1960s experimentalism, Foreman turns the Wooster Group theatre into a showcase of diffuse ruminations, thrown into the feast of vivid imagery. He imagines what goes on inside the President's head, with fixations on golf and monotonously delivered thoughts, like "the earth exists in outer space. I don't have to get into a rocket ship to be in outer space. I'm in outer space now."

The impressive imagery includes two giant robots with a woman's head and a head-dovene Frederick Rolfe as her host, does not entirely escape the seductive bedroom scenes. But it adds all other kinds of domestic and political intrigue. For, in addition to Tamara, a recent arrival (Jack Weatherall), a handsome young



John Lynch and Niamh Cusack

The Tutor/Old Vic

Michael Coveney

Brecht's *The Tutor* is one of his most telling satirises: a tract on the German misery as fustled by a detached educational system. It struck a post-war chord at the Berliner Ensemble in 1950. The hit-making Old Vic season under Jonathan Miller's direction continues with a bleached, pure, beautifully costumed and utterly faithful Brechtian production by Angela Harnack.

Too faithful, you might say. Brecht's source was an astonishing 1774 play by Jacob Lenz, *Der Hofmeister*, in which an impoverished tutor to an aristocratic family castrates himself in order to preserve a teaching career. The trouble is that Lenz keeps getting the boys for his pupils.

But whereas Beaumarchais's *Figaro* leaps lightly to class revenge through enjoyment, the German model becomes sly and self-immolating, weighed down by conscience and a heightened sense of his own importance. This soon becomes a sense of his own impotence.

Lauter's plight is all bound up in a rather fevered look at educational and social life in Prussia and Saxony: just after the Seven Years' War. Kant is all the rage among the university wits, but you cannot pass an exam or hold down a job by acknowledging the old reprobate's subversive appeal. Lauter, on the other hand, is dithered out of a just salary and even denied the physical release of a few rides on horseback, both of which packs he is stupid enough to believe guaranteed in his contract.

What is interesting in both Lenz and Brecht is that no special plea is made for Lauter's condition. As Brecht wrote in a sonnet on *Der Hofmeister* in the late 1930s, when he discovered the play, "His bread and butter has been recognised! Move out of reach when e'er his member rises." Lauter is an adolescent poet of the wet dream, and can only gawp in wonder when a village schoolmaster's ward professes no hard feelings.

This joke is contributed by translator Pip Broughton (who also assists Miss Hurwitz) and indicates the course level on which the play is allowed to operate. Kevin McNally manages the driven impasses of Orestes to perfection, but he is simply too old and too calculating for Lauter. He is enjoined to give Major Reuter a disarming smile, his wife delivers tortuous recitals with devastating self-deluding aplomb, is well managed.

But the inset village school scenes, where Lauter denies his carnality by deleting his manhood, is a major design error. It looks just like those awful poetry pictures of Caspar Neuber's interior, and Vernon Dobtcheff is seriously miscast as the village schoolmaster. He fumes where he should be relaxed, simple.

Janet Smith Dancers/Shaw

Clement Crisp

Can dance be too ingratiating, too determinedly popular? After watching Tuesday's opening performance of a brand new season by Janet Smith and Dancers, my own answer is the strongest affirmative. Four works were on the programme, each making every effort to find its way straight to an audience's heart by the most direct and unadorned means. Children's games, for example, for men and mock romanticism for women, with a final exercise in "30s nostalgia, were the components, eagerly danced. There was too winning a way to it, all such tooth-gritting intensity about the sheer jolly fun of every moment, that my response was a tongue-like depression.

It is, of course, not really an evening for a seasoned metropolitan public. Here is dance painfully introduced to the uninitiated, immensely approachable, and radiant with good intentions. That, like certain forms of "good works", it arouses the blakest response in me is my own grievous fault, and I acknowledge the fact with least only beaten. But am I wrong to demand choreography more focussed in its effects than the predictabilities of children's playground games in *Now and Then*, or something less like women's rugby scrums than *Five Preludes*, which claimed, without the slightest justification, to be about 19th century romanticism?

That the seven dancers of the company labour hard and well is never in doubt. The women are made to clown unmercifully in Janet Smith's *Five Preludes*, but they redeemed themselves in *Now and Then* and in Robert North's tribute to '30s blues

music, *Why It Is a Jelly*, and looked at their best. The men are given their heads in *One Fine Day of Court* by Amy Dewar, which purports to "capture the atmosphere of the 17th century". What we see, of course, are exaggerated bows, feints with imaginary épées, and general push-tushery.

The chaps do well — I admired the Frank Smith and the first group exhibition of contemporary British painting to tour Spain. It features 10 artists and 36 works from private and public collections, some being shown for the first time. Ends April 17.

Metropolitan Museum of Art. Every phase of Fraumond's art is included in this, the first comprehensive exhibition of his work that captures the spirit of the last decades of the ancient regime. Ends May 8.

National Gallery. The human figure in early Greek art is the subject of 67 sculptures and painted pottery starting in the 6th and 5th centuries BC with silhouetted stick figures and ending with the realism of the 5th century BC. Ends June 12.

Art Institute. A century retrospective of the work of Georgia O'Keeffe, one of the most influential American artists of the 20th century. Ends March 26.

National Museum, Ueno. Preliminary Paintings for Edo Castle. Recently discovered watercolours and working drawings by the artist of the Edo Castle, a remodelling in the 1830s or 1840s of the shogun's castle, where beautiful paintings decorated the sliding paper doors and ceilings. Ends March 21.

Japan Folkcraft Museum (Nihon Mingeikan, Komaba). Prints by Mokubei Shibu, pottery by Kawai Kan-eko. Ends March 17.

Setagaya Museum. An American Vision: three generations of Wyeth Art. An exhibition of paintings by Andrew Wyeth, his father N.C. Wyeth, and son James organized by the Brandywine River Museum, Chadds Ford, Pennsylvania and sponsored by AT&T. Closed alternate Mondays.

Sotheby's was quite pleased with its modest Victorian pictures auction, which totalled £795,000 with 12.9 per cent unsold. Much of this was accounted for by the failure of

Sculpture/William Packer

Landscapes in the raw

Many of our contemporary artists remain preoccupied with the landscape, both as subject and material resource, although the results may not conform to conventional expectation. Andy Goldsworthy, whose latest show (at Fabian Carlson: 180 New Bond Street W1) closes this week-end, is a sculptor who works directly with his material where he finds it, in all seasons and all weather.

Out of such stuff as ice and snow, twigs and leaves, he makes fragile and fugitive constructions, in some cases as hardy as the merest adjustments of nature, which he then photographs. The photographic prints, augmented by simple circumstantial texts, he presents as both documentation and work of art; the original piece is left where it was to melt or rot, be blown or washed away.

From last November until the end of January Goldsworthy was in Japan, working at three sites in the mountains and on the coast, producing work for immediate exhibition in Tokyo and Nagoya, of which this show is a version. Fallen cherry leaves, turned variously scarlet and yellow, are organised into rich piles of modulated colour. Maple leaves are pinned, or rather thorned together to make an extended chain that drifts down the stream between the rocks. Bamboo sticks are improvised supports on the beach into an open screen against the sea and distant mountain. The sun shines through a wall of snow, or catches the tops of sand walls on the beach. Towers of balanced rocks rise tent-like and precarious in the pouring rain.

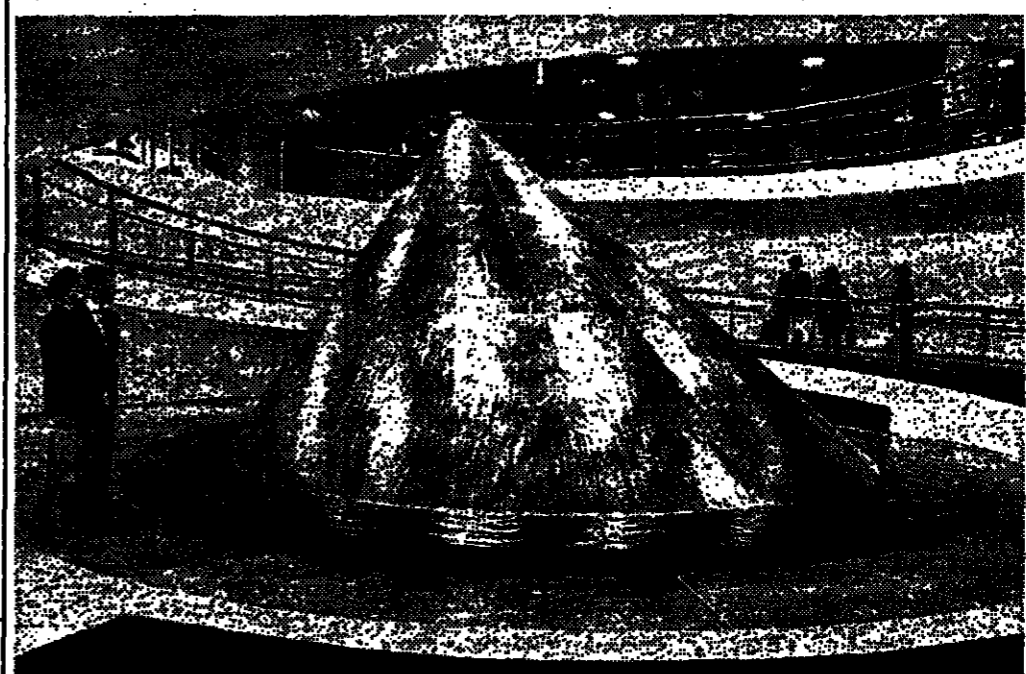
Such things catch the imagination in a peculiarly vicarious way, for we can never see or touch them as they were. What might we do with such material if only we had the time, or the wit, to move beyond the snowman or sand castle? Goldsworthy is by no means the first to open up such creative territory, nor is he alone in exploiting it, but he does bring to it an unusual and distinctive sensibility, expressed in remarkably diverse, authoritative single works of sculpture.

The caption texts are for the most part a weakness — pseudo-poetic self-consciousness and unnecessary as a formal component of each photographic piece. But they remain a minor element in work that hangs essentially, and intriguingly, in the visual memory. With each show Goldsworthy confirms his standing and makes us look forward to the next. With so little time to run, this show, brief in any case, is worth catching.

William Pye is not exactly a sculptor of the landscape, since the greatest part of his production has been by architectural commission, worked on together with architects and engineers and often on the largest scale. But he has always been much intrigued by the thought of setting even his most architectural work within the landscape. In his more personal work in recent years, and also in some of his smaller commissions, he has worked repeatedly upon ideas for sculpture suitable for gardens, and on fountain and water-sculpture in particular. Tomorrow The Queen is to open the new North Terminal at

Gatwick Airport, for which the British Airports Authority, through Gatwick Airport Ltd and its Design Working Group, has commissioned from Pye a pair of huge sculptures for the departure lounge. Each measures the other; though only the tips of both may be seen at once, for they occupy the central wells around which the travellers descend towards the departure gates. Each is an asymmetric cone, some 14 feet high, tilted off-centre and quite plain. But water pours from the very tip to cover every inch of the stainless steel surface with an insistent rippling, hypnotically rhythmic flow. Such waves, Pye tells us, constitute a phenomenon of surface tension known as "lamina flow": he noticed it himself for the first time on a steep Welsh road in a downpour. The sound is the natural, endless rushing sound of any stream.

The titles are "Jetstream" and "Slipstream", and the overt reference is to nose-cones and vapour trails, to the slow-motion clouds of condensation that pour off the nose of the space rocket as it takes off. Far from nature, perhaps, but the source is natural enough, the essential material unmodified and its natural course produces the effect. Deeper, more ambiguous associations run far beyond the technological. The Gatwick Authority should be congratulated for commissioning not merely a distinguished and appropriate work of modern sculpture, but for having the nous to see the imaginative potential in bringing the fountain so spectacularly indoors, *rus in porta aeris*.



One of a pair of huge sculptures by William Pye for the new North Terminal at Gatwick Airport, which the Queen will open tomorrow

Arts Council's firm line on funding pays off

The firm line taken by the Arts Council in its dealings with Liverpool City Council over the funding of the Playhouse and Everyman Theatres seems to have paid off. The Arts Council has notified the theatres that it was cutting their grants for 1988-89 by 3 per cent because Liverpool City was making an inadequate contribution.

Talks on Friday between Sir William Rees-Mogg, chairman of the Arts Council, and Keava Coombes, leader of Liverpool City, went well, with the City offering to increase its support by £200,000 if the Arts Council suspended its reduction. The

Council has agreed to do so, pending the outcome of a working party report on theatre provision on Merseyside.

The Arts Council is dealing in a much more robust fashion with its clients this year. Its drama panel has suggested grant reductions of around 25 per cent over two well established touring theatre companies, Foco Novo and Joint Stock, partly because it has not been over-impressed with their recent performances but

mainly to free resources for newer companies.

The Council has also stepped in to prevent Greater London Arts pushing through a 13 per cent grant cut for the Almeida Theatre in Islington. The Almeida is well thought of by the Arts Council even if its high cultural standards go against GLA's concern with community and ethnic arts.

A.T.

Saleroom/Antony Thorncroft

Benefits from the Budget

The art market will be an incidental beneficiary of the Budget. "Napoleon's last great work," which was unsold at £22,000. It was a disappointment for the hopeful vendor, the Cavalry and Guards Club. It had more luck with a portrait of Sir Robert Baden-Powell by Sir Hubert van den Drunen which was bought by Leggett on behalf of the National Portrait Gallery for £12,100, comfortably above estimate.

Top price was the £51,700, (as against a £35,000 top estimate), paid by the London dealer Macdonald Mason for "On a country lane," a rustic scene by Frederick Waters Watts. "Milk" by Valentine Prinsep, showing a sprightly Victorian London milk maid making her deliveries, more than doubled its estimate at £24,750 and a "Russian wedding" by Arthur Drummond also did well at £22,550.

An Italian viola of the Grandino school sold for £17,500, below forecast, to a Swiss dealer at a Christie's musical instrument auction yesterday morning. A French violin by Johannes Cyprien, dated 1780, made £12,100 to a London dealer and an English viola by Jacob Fendt was at the top of its target at £9,500.

Bonhams disposed of English watercolours, with the architectural drawings doing particularly well. The south west view of Dordrecht House in Gloucestershire, (top estimate £500) went for £1,780. Top price was the £3,680 paid for a watercolour of a delphinium by James Valentine Jelley.

The auction houses should gain from the changes in Capital Gains Tax. Buyers of works of art for what now seem like ridiculously low prices in the sixties and seventies can sell them and be liable for tax at their 1983 valuation. This should bring on to the market an increased flow of goodies. Dealers are relieved that the Tax was not abolished altogether. That would have produced even more open sales. As things are there will still be vendors preferring the discretion of a deal with a dealer.

Against this there is continuing strength of sterling against the dollar which hits the vital American buyer, but generally the Budget should sustain the art market boom which already seems to have shrugged off the October crash in the stock markets.

Sotheby's was quite pleased with its modest Victorian pictures auction, which totalled £795,000 with 12.9 per cent unsold. Much of this was accounted for by the failure of

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Arts guide

March 11-17

Exhibitions

PARIS

Grand Palais. Euboean. From New York, an exhibition of 72 paintings, retracing the artistic development of one of the great masters of the Spanish Golden Age. (42660524). Ends April 11.

Musee d'Orsay. Van Gogh in Paris. To mark the centenary of Van Gogh's two-year stay in Paris, a period which proved a turning point in his artistic development. The Musée d'Orsay has assembled more than 50 of his paintings and a dozen of his drawings from national and private collections. (45 43 48 10). Closed Mon. Ends May 15.

Centre Georges Pompidou. Le Dernier Picasso 1868-1973. By placing the last twenty years of Picasso's work in the context of contemporary art, the 56 paintings, 24 drawings and 70 engravings exhibited permit a fresh approach to the controversy caused by contradictory judgements on the ageing painter's Jewish creativity. (22 71 33). Closed Tue. Ends May 22.

Reith Palais. Winterhalter and European Courts from 1850-1870. A retrospective of the painter of graceful feminine beauty around the thrones of France, England and Belgium. (45 12 73). Closed Mon. Ends May 7.

Grand Palais. Degas. An important retrospective of 275 works covers 60 years of the artist's career from his student beginnings in Italy to the rich maturity of his last years. His favourite themes of ballet dancers, there are two versions of La Classe de Dessin and of Jockeys and race courses, of washerwomen, milliners and bathers show the diversity of his inspiration echoed by the variety of his modes of expression. Grand Palais (45 65 09 24). Ends May 16. Closed Tue.

LONDON

Tate Gallery. Douglas Cooper — The Masters of Cubism. A small but choice selection of 61 works on paper from Cooper's collection of cubist art of all kinds but principally the work of the great quartet of Picasso, Braque, Gris and Leger. Ends April 4.

Tate Gallery. David Bomberg — A full retrospective of one of the most distinguished British painters of the century, yet one whose secure critical success came only after his death in 1957, at the age of 68.

ITALY

Roma. Villa Medici (French Academy). A German artist's collection of photographs spanning the 40-year career of Dolores, from his touching and evocative Paris street-scenes of the 1920s to his later work in Rome, a series of portraits of well-known writers and artists. Tender but unromantic in the images of children and lovers; among the rubble of the bombed city, Dolores is illuminating, humorous, and unambitious in his portraits of Picasso in 1962, sitting with played hands on the hunchback of Rome, and a series of figures should have been: Prevent posed carefully in front of the shop Merode, so that the O is covered. Ends April 3.

Florence. Palazzo Pitti. Fioravanti — 80 paintings of flowers and plants with drawings, tapestries and illustrated botanical books, testifying to the Medici's preoccupation for this subject, from Costino I onwards. Ends April 10.

Madrid. Circle of Bellas Artes. The Romantic Tradition in Contemporary British Painting: process that a parallel succession. Grand Palais (45 65 09 24). Ends May 16. Closed Tue.

since William Blake and that it is alive today as 150 years ago. This is the first exhibition to undertake such a reconstruction and the first group exhibition of contemporary British painting to tour Spain. It features 10 artists and 36 works from private and public collections, some being shown for the first time. Ends April 17.

Berlin. Martin-Gropius Bau. Joseph Beuys (1928-1986). This is a complete show of Beuys works ever presented in Berlin. There are about 150 room-sculptures and objects and about 400 paintings from the end of the 1940s to the end of the 80s based on a cycle The Secret Rite for a Secret Person in Ireland. Streetsmanstrasse 11b. Ends May 1.

Netherlands. Stedelijk Museum. An exhibition of colour and engravings. The ten of the museum galleries in the city. Ends April 30.

Amsterdam. Rijksmuseum. A selection of 80 Dutch drawings from the period around 1800 to coincide with the publication of the third in the printmaker's series of fully illustrated catalogues of its Netherlands drawings. Ends March 20.

Rotterdam. Stedelijk Museum Beuningen. The 19th-century Dutch painting of the Hague and Amsterdam schools, with works by Maris, Mauve, Breitner and Jongkind. Ends March 26.

Geneva. Galerie Jacques Baudouin. Alberto Giacometti drawings and rare prints. Rue de l'Hotel-de-Ville. (21 61 30). Ends March 26.

FINANCIAL TIMES

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Thursday March 17 1988

Lessons from La Générale

WHATEVER the outcome of Mr Carlo De Benedetti's bid for Société Générale de Belgique (SGB), the pitched battle to which it has given rise is likely to prove a watershed event. The lessons from it extend far beyond Belgium to the whole European Community, as it moves towards its goal of a single market.

The episode demonstrates the urgent requirement for change in institutional mechanisms and attitudes which have failed to keep pace with the needs and aspirations of modern business. Mr De Benedetti is one of a new breed of entrepreneurs who are increasingly thinking in pan-European terms and are looking for poorly-managed assets which can be used more productively. Their activities can provide a healthy stimulus to economic performance. But to do so, much clearer and more consistent rules are needed for the conduct of takeover bids, both within countries and across borders. That in turn requires governments to face up to the fact that characteristic protection of "national champions" is incompatible with the objectives of a single European market.

Takeover rules

One of many remarkable features of the struggle for SGB is that neither Mr De Benedetti's assault nor the counter-offensive has provoked intervention by the Belgian government. This is not due to impotence on the part of its current caretaker administration, but to Belgium's generally open attitude towards inward investment and its lack of laws governing takeovers. However, there is justifiable concern that the fate of one of its biggest industrial groups is being determined by a handful of scenes financial manipulation in which the interests of the country play little part.

The next Belgian government and the stock exchange authorities should give a high priority to establishing regulations which ensure that all directors are treated fairly in takeover battles. Beyond that, however, a more comprehensive framework of binding rules is needed at EC level.

That, admittedly, is a challenging objective. Numerous efforts have been made by the Brussels Commission over the years to harmonise company law and takeover practices, many of which have been blocked by governments. Not only do existing

laws and conventions vary widely between EC countries, but their diversity reflects sharp contrasts in the structure of national corporate finance systems. In spite of the recent growth of popularity of equity finance in some countries, industry's reliance on bank debt remains deeply entrenched in others, notably Western Germany.

The Community cannot hope to erase these differences by imposed harmonisation. Nor should it try, in tackling takeover policy, to create a legalistic system of regulation intended to cover every conceivable circumstance. The aim should be a set of basic rules - for which the UK takeover code might serve as a model - designed to prevent damaging and underhand abuse and to encourage maximum transparency. In these matters, daylight is the best regulator.

Government control

As well as keeping hidden honest, an important goal should be to curb dubious tactics designed to remove their targets from play. Firm action is needed against the incestuous practice - common in the Netherlands and some other countries - whereby companies defend themselves by means of cross-shareholdings which have no basis in industrial logic or by issuing new shares to "friendly" shareholders.

Such arrangements are still more objectionable when contrived or smiled upon by governments. In privatising large companies, Britain has sought to keep control by means of "golden shares" and France by placing stakes with "hard cores" of friendly shareholders. There may be special circumstances in which governments will decide, perhaps for reasons of national security, to have a say in industrial life. In these circumstances, however, the intervention should be handled by means of laws specifically drafted for that purpose.

Systematically sheltering companies from predators is not only inequitable and ineffectual, but also a recipe for disaster. In the case of SGB, the Belgian government's intervention, while defensive cross-shareholdings risk fragmenting markets and distorting competition. Not the least of the lessons of the SGB affair - for Belgium and for the rest of Europe - is that the government would never have presented such a tempting takeover target if it had been subjected to bricker competitive disciplines in the past.

Labour's riposte to Mr Lawson

THE ANNUAL Budget ritual is as good a test as any of the quality of the opposition parties in Britain. And by any normal standard Mr Nigel Lawson's Budget offered a special opportunity to the Labour front bench. For a start, Mrs Thatcher had offered a spectacular hostage to fortune by undermining her Chancellor's exchange rate policy in the Commons only the week before. If the opinion polls are to be believed, the great majority of the British electorate would also have preferred to see increased spending on the National Health Service instead of cuts in income tax.

Nothing in the response to date suggests, however, that the focus of opposition in Britain is about to shift rapidly from the Tory back benches to the Labour front bench. Mr Kinnock's own contribution on Budget day was marred by the unconvincing performance of his own supporters. Their outburst reflected genuine, uncompensated frustration at Mr Lawson's reformist strategy, but at the risk of stating the obvious it was, in the end, a wholly inarticulate attack. So wide is the gap in perception, now, between the two main parties on key economic issues that the average Labour member scarcely knows where to start when confronted with a Budget that appears altogether removed from the old post-war notions of consensus.

Luck and judgment

Mr Lawson's opposite number on the Labour front bench, Mr John Smith, on the other hand, is never inarticulate. His performance yesterday was not short on smart footwork and cutting edge. When it comes to detailed knowledge of the availability of kidney machines and nurses' pay he is second to none. What was missing in his Budget riposte was a broader critique of macro-economic policy and an alternative vision of tax reform that reflected the realities of the late 1980s.

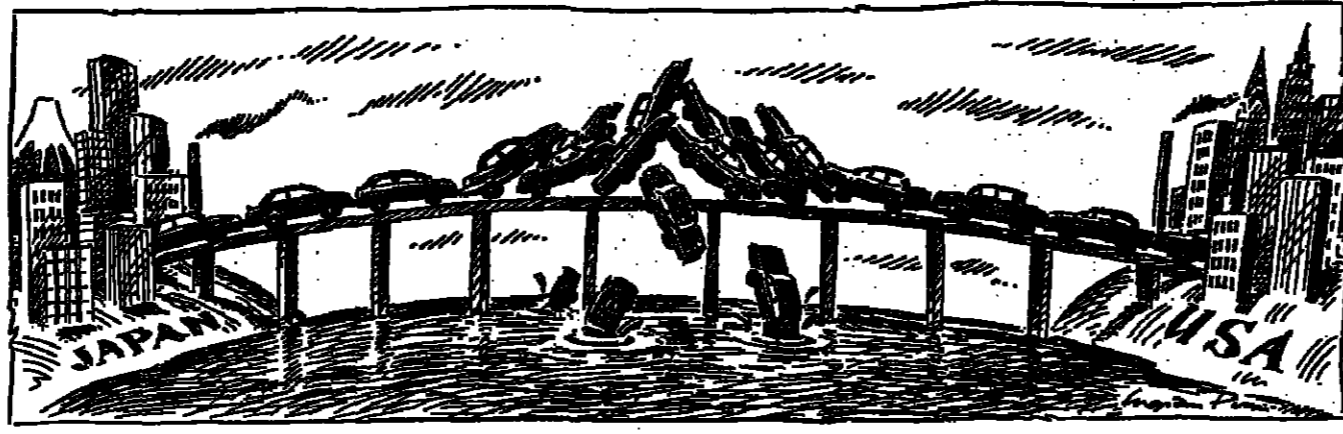
The shortcomings on the macro-economic side are understandable enough. Mr Smith is dealing with a Chancellor who, through a mixture of luck and judgment, has delivered a rate of

economic growth with which an opposition spokesman quarrels at his peril. Having abandoned much of his ideological baggage along the way, Mr Lawson has turned into a pragmatic Chancellor of a kind that even Denis Healey might feel a sneaking admiration for. And in fairness, Labour is still at a relatively early stage in rethinking economic policy in the aftermath of last year's disastrous election result.

Tax experiments

That said, there is no sign either that this rethink is going to the heart of Labour's problem in economic policy. For while a majority of the electorate may well agree with Labour's strictures on the divisive nature of a Budget that does so much for the rich, that same majority has also been convinced of Labour's fitness to govern. The implication is that it is not enough to attack the Prime Minister's ad hoc exchange rate policy for its effect on British industry's competitiveness; there has to be a convincing anchor for a Labour monetary policy. And there could have been no more effective way to embarrass the Government after this Budget than to announce a Labour commitment to join an exchange rate mechanism of the European Monetary System.

When it comes to tax reform Labour cannot afford to dismiss out of hand the experiments in tax cutting that have recently been undertaken by left-leaning Governments in Australia and New Zealand. They are relevant to Britain in that the redistributive impact of progressive tax systems no longer works in tax-cut fashion because of the dramatic increase in allowances and perks. In Britain and elsewhere, an increase in further equity, prerequisite of further equity, Labour has learned from its mistakes before the election about advocating a return to penal marginal rates of income tax and it has yet to show that it has taken the wider economic messages aboard.



JAPAN'S motor vehicle industry, the biggest industrial success story of the last three decades, is poised to make another leap forward. The country's nine car-makers are cutting ribbons to open new production facilities around the world, with most of the activity in North America. When the series of opening ceremonies is complete in about two years' time, the Japanese will have spent nearly \$70m (\$3.77bn) and will have tripled their capacity to build cars in North America alone.

The leaders of the Japanese industry admit their new plants will create excess capacity throughout the world. They do not expect demand for cars in North America, for example, to increase much between now and 1990. They also say they have no wish to scale back their exports significantly over the same period. "In the US, it will be bloody wars. It will include American makers as well. Such a sudden increase and no growth..." says Mr Atsushi Muramatsu, executive managing director at Nissan, leaving his sentence trailing expressively in mid-air.

Other Japanese car-makers are less colourful, but their words are bound to provoke emotional responses from European and American car-makers. In recent interviews the leading Japanese producers have all expressed determination to maintain or increase sales worldwide. "We have no plans for a decline in exports from Japan," says Honda, despite the company's \$1.8bn investment to produce cars in Ohio. Mitsubishi Motors' president, Mr Taro Taka, says: "We have no plans to replace exports with local production." Mazda's new president, Mr Norimasa Furuta, says: "Our desire is to keep our export volume steady." Mr Akira Soejima, senior managing director at Fuji Heavy Industries, explains: "We were invited into America. They will have to adjust output and inputs. It's up to them."

Nissan and Toyota are less blunt, but say they are dedicated to maintaining production and thus jobs for all their employees in Japan. Toyota says Japan may have to reduce exports after 1990, but implies that the cuts should come from its competitors. Mr Steve Miller, vice president of Chrysler, says the new capacity being built by the Japanese in the US is "way beyond the needs of the market" and the impact will be "horrendous". In three years total excess capacity could be 5-6m units and less efficient capacity will disappear. "Twenty to twenty-five assembly plants will get blown away and none of them will go quietly. It will be tough on us."

The effects will almost certainly be felt in Europe too, where manufacturers who suffer losses in North America will seek to enhance their sales. European exports to North America will also become vulnerable. The major Japanese makers are committed to shipping all new ranges of luxury cars to the US by 1990 to keep their home factories busy. Executives at the Japanese companies, whether in the drab, boxy headquarters of Mitsubishi Motors or the resplendent Honda skyscraper, are unanimous in believing there has to be a reduction in capacity. But neither all say it must be carried out by someone else.

Mr Tetsuo Chino, senior managing director and president of Honda North America, says the Japanese factories going up in the US and Canada are being built on "a kind of scrap and build principle". To the Japanese, under the protection of their new production facilities, this principle means Japan builds, others scrap. Indeed, many of the Japanese facilities are being built in co-operation with US car-makers: Mazda with Ford, Mitsubishi with Chrysler, General Motors with Suzuki. Thus about a fifth of the cars

Carla Rapoport on the Japanese car industry

On the way to a glut

rolling out of Japanese plants over the next decade will be Japanese-US hybrids carrying American brand names.

The Japanese believe this new capacity gives them a golden opportunity. "It's a way for the US companies to scrap their old plants, to rejuvenate," says Mr Chino. Mr Tsutomu Oshima, executive vice-president of Toyota, says: "Whether they like it or not, that (retrenchment) may happen. The strong will survive. Those weak plants which are not profitable may have to close." Japanese car-makers were not strong enough to keep idle plants open - GM had idle plants all over the world.

However, industry analysts and some executives believe rationalisation, even if US makers agree to it, cannot take place in time to prevent excess production. A study by Japanese car-makers says that the US market is not big enough to absorb the new capacity. "If all makers build as many cars as they now plan to, some 1.43m units will be gathering dust on American lots at the end of 1990."

The Japanese attitude is understandable, considering the condition of some US factories. Twelve US plants were closed last year and more are expected to close. The scrap-heap material. But car exports to North America have been the single largest element of Japan's huge trade surplus with the US. With the recent strength of the yen and the official Japanese campaign to reduce the trade imbalance, it has seemed logical to scrap-heap material. But car exports to North America have been the single largest element of Japan's huge trade surplus with the US. With the recent strength of the yen and the official Japanese campaign to reduce the trade imbalance, it has seemed logical to scrap-heap material. But car exports to North America have been the single largest element of Japan's huge trade surplus with the US. With the recent strength of the yen and the official Japanese campaign to reduce the trade imbalance, it has seemed logical to scrap-heap material. 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IT IS ALREADY clear that the UK Chancellor, Nigel Lawson, is much more likely to be remembered for his management of the economy than as a tax reformer.

I do not know whether I am more irritated by the absence of fundamental tax reform in the Budget or the status of most of its critics, who talk about the Chancellor's handouts as if all income belonged to the state.

The estimated £2bn revenue cost of the reduction in the highest tax rates to 40 per cent could and should have been paid for by a much more fundamental attack on perks, privileges and anomalies. These have been established by other Financial Times writers and range from the privileged treatment of pension funds and the gearing of Personal Equity Plans to the richer investor to the regressive and arbitrary employers' National Insurance Contributions. As for tax neutrality, that is for the birds.

Even politically, Nigel Lawson could have turned the tables on his critics by announcing, after the cut in top rates (when the House of Commons came back from suspension), that mortgage interest relief and perhaps personal allowances would be restricted to the basic rate or turned into tax credits. And there could have been at least a gesture, such as a lottery, to supply additional funds for the National Health Service.

Nevertheless, if I had the power to remove the cut in top rates to 40 per cent by pressing a button, I would not do so. For one day there is going to be a different Government; and it would be most sensible for that Government to build on yesterday's Budget by genuinely broadening the tax base and removing fiscal privileges.

The way another Government should tackle the burden of wealth is not by high marginal rates on income — whether earned or investment — but by a proper inheritance tax, levied on the inheritor, without the loophole of lifetime gifts.

The best balance between equity and incentive is obtained when upper income earners pay a fairly high effective rate of tax but a fairly low marginal rate. To work for this would be far more sensible than petulantly promising to repeal yesterday's cuts — which is, alas, more likely to be the political reaction.

This is the tax-cutting strategy of New Labour's Finance Minister, Roger Douglas, who was referred to by the British Chancellor. Unfortunately, Mr Douglas's fiscal plans have been stalled, if not ambushed, by the Neanderthals of his party.

So much for fiscal policy. More worrying from the point of view of economic strategy is the Chancellor's remark in a post-Budget interview that it was unwise to talk about interest rates and exchange rates, and that action spoke louder than words.

The greatest delusion of the intellectual in politics is to dismiss words and call for action. When Bismarck said that the great issues of the day would be decided not by majority votes or parliamentary dissolutions but by "blood and iron", half the café intellectuals of Berlin and Vienna echoed him — all quite wrongly.

When the Bank of England was try-

Economic Viewpoint

Second thoughts on the Budget

By Samuel Brittan

ing to hold sterling at DM3, it did make the mistake of staying within too narrow a range and making it too clear what the exact ceiling was — it did not have to be a round number.

But tactics aside, a large part of the value of an exchange rate objective disappears if industry and the financial markets are not given a good idea of the Government's objective for sterling and some idea of how firm it is for the longer term.

There are two interpretations of the Treasury's sterling aim. The first and more cautious one is that it is an indicator to which weight is given, along with others such as the various monetary aggregates, direct data about output, prices and the balance of payments.

On this interpretation, there is no longer a Medium-Term Financial Strategy; and nothing on which to anchor expectations any more than there was under Tony Barber and Denis Healey.

The alternative interpretation is that monetary policy is on an exchange rate standard. Other indicators can still be watched. (Incidentally the Treasury's small print predicts that the M3 measure of narrow money will temporarily exceed its 1 to 5 per cent range in the next few months.) But, under an exchange rate strategy, sterling — and in practice the rate for sterling against the D-Mark — is the one that overrides the others.

Mr Lawson has in the past come close to this second interpretation, although I suspect much of the official Treasury would prefer the first.

The implication of the sterling/D-Mark rate has still to be understood. For instance, once the markets were convinced of the durability of the link, British interest rates would have to fall to West German levels.

Would this be inflationary? Not if the strategy is fully understood and followed. The more stable and durable a

sterling/D-Mark link is expected to be, the more it becomes like an Anglo-German monetary union.

What does it mean in practice? It means that prices of British products that compete with German ones would not be able to rise faster than the German rate.

According to the Financial Statement, UK unit labour costs in manufacturing did not rise at all in 1987 and total unit costs, including material and fuel, rose by 1 per cent. In 1988 unit labour costs are expected to rise by 2 per cent. As product prices have been rising by 4½ per cent, profit margins have been rising.

But German product prices are virtually stable. British product prices would eventually become stable too; and British labour costs would have to be checked by more restrained pay settlements or further productivity spurts. Thus, the price trend of British intermediate goods would be reduced to the German trend of near zero.

The result would not be zero UK inflation because purely domestic services, or asset prices, might continue to rise more quickly — as they continued to do in Japan when manufacturing productivity was rising more quickly than that of the sheltered internal sector.

Still this stability in internationally traded product prices is the closest to zero inflation that Britain could conceivably come, closer than under the "monetarism in one country" alternative of the Prime Minister's personal advisers.

The D-Mark link approach to inflation would be playing it long — much longer than is appreciated by City commentators who flap about the monthly bank credit figures or who complain that tax remissions of £4bn are too great a boost to domestic demand. This is even though the Treasury expects a negative public sector borrowing

requirement of £3bn. Any smaller borrowing would have increased the burden of tax as a proportion of gross domestic product.

Once the D-Mark standard has become credible, inflationary expectations decline, and the present 9 per cent level of base rates would represent a much higher real rate than they do at present and a more effective brake on demand.

The more important point, however, is that low inflation is guaranteed by membership of a common currency zone with Germany. Excess borrowing or rapidly rising house prices in parts of the UK then become a regional matter — either to be accepted as a structural adjustment, or to be tackled by specific micro policies.

Unfortunately, the credibility of the D-Mark link has been weakened by the questionable decision to let sterling rise above DM3 without any explanation or announcement. The "support" that the US Fed and the Bundesbank have given to this decision is to be taken no more seriously than the fellow feeling of central bankers for members of their club.

It is, however, far too early for opponents to celebrate the death of the D-Mark link. It is still likely that the Government, including the Prime Minister, will be alarmed if sterling starts falling again — which is the practical form a balance of payments difficulty would take.

But because of the need to re-establish credibility, interest rates will have to rise higher and/or sterling be allowed to slip more than would have been the case if the Government and Bank had held their ground. This is precise and clinical sense in which we are now likely to have both more inflation and more unemployment than we would otherwise have been the case.

The Chancellor's remarks yesterday



Lombard

Time for vision on Germany

By David Marsh

HISTORY and geography make life difficult for the West Germans. A central reason why discussions over the country's wartime past are so much more passionate than in, say, Japan, is because the Germans are still directly confronted with the awful consequences of the Third Reich — the painful division of their nation.

The western allies have a common interest in creating a delicate balance between, on the one hand, reminding the West Germans of their exposed geo-strategic position, and, on the other, enabling them to forget it. Thus Nato membership in 1955 conferred on West Germany the formal status of a front-line state on the edge of two potentially destructive military blocs, while simultaneously offering convincing protection through its alliance partners' collective troops and weapons strength.

It is often forgotten abroad, though not in West Germany, that a *quid pro quo* for this arrangement was agreement by the western powers that this state of affairs should not last for ever. Article 7 of the German Treaty which came into effect in 1955 (signed by the Federal Republic, the US, Britain and France) states unequivocally the signatories' common goal of achieving a reunited Germany with a democratic constitution.

It is worth recalling the historical background at a time when policies of the British government, for one, seem to be based on the premise that the division of Europe is there for good. In her insistence that West Germany should arm itself to the teeth (including nuclear weapons which can explode only on German soil) to preserve the European status quo, the Mrs Margaret Thatcher, the British Prime Minister, is showing a certain logic — but also a lack of tact which may prove fundamentally counter-productive.

"They are on the front line and the greater their resolve to deter, the greater the certainty of their peace will be," she said on the UK commercial television net-

work after the Nato summit. The paradox is certainly a difficult one and is admitted by many Germans themselves. The division of Europe between capitalist democracy and communist dictatorship may be dreadful, but it has helped preserve the peace for 40 years. Why change a winning system?

The problem is that, in relying simply on deterrence to keep the two blocs from each others' throats, Mrs Thatcher is displaying a dangerous lack of vision. This was not always so. An interesting British government document, *The Meaning of Berlin*, issued by Her Majesty's Stationery Office in 1962, states that: "The Germans would regard it as a betrayal of the alliance if Britain and the other western powers were to accept the division of Germany as permanent. This would gravely weaken the alliance and would therefore harm Britain... It is short-sighted and unrealistic to imagine that there can be a lasting settlement in Europe as long as Germany is divided."

There are two uncomfortable conclusions to draw from all this. One is that the western powers, Britain included, are operating double standards. They offer the hope of German reunification only in periods when (after the 1961 building of the Berlin wall, for instance) it is plainly impossible — only to play down the idea when, as is now happening, superpower detente makes it more feasible. The other is that western short-sightedness over "the German question" leaves the Soviet Union with an important card up its sleeve.

What happens if Moscow, at some point during the next few years, takes the 1955 German Treaty at face value, withdraws its troops from East Germany and offers "democratic" national elections across the two halves of Germany in exchange for complete demilitarisation?

The allies would be advised to be prepared. An offer — in one form or another — could come more quickly than most people think.

Taxes calculated by what is left

From Professor T. Barna.

Sir, According to your leader (March 12), Ralph Waldo Emerson appears to be the intellectual power behind the inconsistencies of the government's macro-economic policy.

Another Emerson observation might also be considered: "It is their maxim that the weight of taxes must be calculated not by what is taken, but by what is left." (English Traits, 1865.)

T. Barna, Beacon, Westmoreland, Mass.

Enterprise agencies should be rationalised

From Mr Derek Broom.

Charles Batchelor (March 8) highlights some of the problems of enterprise agencies, but does not analyse the lack of overall policy at Government level towards what is loosely called the "smaller firm."

There are, in fact, two distinct and legitimate strands of policy, and they have tended to become confused, to the detriment of both. The first is to maximise growth in the economy, the second to redress the balance of power between the "smaller firm" and big government and big business.

There are over 1.5m firms registered for VAT, and perhaps another million too small to be registered. Of these, only about 300,000 turn over more than £150,000 per annum. Until recently the overwhelming thrust of initiatives has been towards assisting the microfirms rather than concentrating resources on the more fruitful market of medi-

um-sized firms — those, say, with a turnover between £1m and £20m — which might be capable of higher growth rates and increased exports or import savings.

To grow fast and become truly competitive internationally, the investment in plant, research and development (R&D), and management development becomes greater all the time, as higher technologies penetrate further into even smaller operations.

The British Overseas Trade Board (BOTB) has already concentrated its efforts on promoting exports among companies with more than £1m turnover. It would seem that Lord Young is similarly concentrating Department of Trade and Industry efforts where they will do most good.

If there is a remaining role for enterprise agencies and the Small Firms advisory service, it has to be supported largely out of public funds, justified by the welfare element and used to redress the balance of advantage, as well as by savings in the human and material waste of failure. There is a very good case to be made on these grounds if definitions can be made less vague.

300 enterprise agencies is obviously far too many for the market — they should be heavily rationalised to larger areas, and those left should be properly funded. A budget of £150,000 per annum seems to me the minimum on which a credible operation can be mounted. Anything less just keeps the director and his secretary in salaries, cars and expenses. With the greatest

respect to some of the better agencies, there is little chance of most of them offering to clients services which would support such expenditure from income. It follows that some very good reason must be found for spending public money.

It is perhaps too early to ask for a complete rationalisation of the many and various initiatives spawned over the years from the Small Firms Service, the Loan Guarantee Scheme, the Business Enterprise Scheme, through Enterprise Zones and the like. It would be a start if we knew what they were costing us across all Departments.

Derek Broom, Peter's End, Nears Ashby, Northampton

The medium reports the message

From Mr Ed Turner.

Sir, In your article headlined "Panama's political pantomime mixes the media and the message" (March 2) you claim without substantiation or attribution that Cable News Network (CNN) has "now become the preferred messenger for the despotic President" and, later, "the (Eric Delvalle) sends daily tapes to CNN."

President (or ex-President) Delvalle did send one tape to CNN. Unfortunately he also sent it to the other US networks. We would have preferred it exclusive. CNN also presented a telephone interview with President Delvalle. We

have also sought interviews with General Noriega.

Here in the US that is called gathering and reporting the news. If you care to sit in with some of our editors we will be glad to explain it all to you. Ed Turner, Cable News Network, 1 CNN Centre, New York, NY 10066, Atlanta, Georgia, USA

EC Accord has some snags

From Mr Jeremy Mitchell.

Sir, There is no doubt that the Accord announced by the European Council of Payment Systems offers consumers the advantage of being able to use a credit or debit card at any cash dispenser or electronic shopping terminal throughout the European Community. However, in its present form it appears to have some significant disadvantages for consumers.

It is an agreement among banking organisations, and does not seem to provide for the direct participation of other financial services institutions, such as building societies, whose competition is doing so much to liven up the banks.

Also it seems to provide for a Community-wide, uncompetitive, standard fee structure for electronic transactions between banks, which might well be reflected in charges being passed on to consumers.

Most ominously of all, the Accord was drawn up without any consultation with consumer representatives. Consumers would be well advised to look at the implications of the Accord most carefully.

Jeremy Mitchell, 214 Eborac Road, BS

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Issued by the Department of Health and Social Security

The requirement is negotiation to complete nuclear disarmament

From Dr David Lowry.

Sir, I arrived back from a week at the European Parliament in Strasbourg, where the problems of nuclear materials management in Europe were at the forefront of debate, to read Dr Robert McGeehan's reply (March 11) to my earlier letter of March 5, criticising me for misrepresentation and disingenuity regarding British and French nuclear weapons and the Non-Proliferation Treaty (NPT).

On France's NPT position, while it is undoubtedly true that French diplomats at the United Nations in 1968 did stress that France would behave as if it had signed the Treaty, there is no obligation for it to do so. At the same time the French asserted that they would "never envisage sharing nuclear weapons with anyone." But we know that French and British defence ministers have had serious discus-

sions on such shared development, particularly in a post-INF (Intermediate nuclear forces) Europe.

The French government is at legal liberty to change its mind on nuclear weapons matters. The UK government has no such leeway. For instance, in the Assembly Nationale debate on Euratom on May 11 1966 the French Defence Minister, Mr Bourges-Maunoury, said that "Euratom (the European Atomic Energy Community) would be an aid to French military preparedness in the atomic field rather than a hindrance, as it would enable a more economic deployment of basic nuclear resources." At the time Euratom was a year away from its foundation, and France four years away from the atmospheric testing of its first nuclear bomb. But the plans were clear — and public.

Dr McGeehan's suggestion that I gratuitously added "total" to the NPT Article VI clause on nuclear, general and complete disarmament commitment is itself a gratuitous distortion. It is quite clear from Article VI, and the preamble to the NPT, which the UK diplomats drafted in conjunction with the US and USSR, that they intended to reach total nuclear disarmament. He should read it properly.

The preamble, moreover, recalled the determination of the parties to the 1968 Partial Test Ban Treaty (PTBT) to achieve the "discontinuance of all test explosions of nuclear weapons for all time and to continue negotiations to this end."

A Parliamentary reply by the Foreign Office on February 24 (Hansard, columns 208/209) rejected direct UK involvement under the PTBT commitment to

negotiate a complete test ban. It stated that the aim of an immediate ban on testing is "impractical." So — 25 years on — the UK Government still refuses to fulfil its aim.

I reiterate my view that the Government's approach to the NPT is a direct and clear-cut violation. Tim Eggar, the Foreign Office Minister, told Dr D.E. Thomas MP on February 29 (Hansard, column 428) that "nothing in the NPT requires the nuclear weapons states to allow their existing nuclear weapons to decay into obsolescence."

Agreed. The requirement is negotiation to complete nuclear disarmament. That is exactly what the government is not doing.

David Lowry, European Proliferation Information Centre, 258 Pentonville Road, NI

Reagan, Shamir fail to break deadlock

BY LIONEL BARBER IN WASHINGTON

PRESIDENT RONALD Reagan and the Israeli Prime Minister, Mr Yitzhak Shamir, yesterday failed to break the deadlock over the latest US plans for a Middle East peace settlement.

After two hours of talks at the White House, President Reagan said the US would not abandon its proposals in the face of Israeli opposition.

Standing beside Mr Shamir in the East Room of the White House, Mr Reagan said: "Those who will say no to this initiative will not have to answer to us, they will have to answer to their people."

Mr Shamir, responding, said he had "strong reservations" about an international conference proceeding direct talks on solving the Israeli-Arab conflict.

The US peace plan envisages an international conference next month that would kick off talks on interim self-rule for Palestinians in the Israeli-occupied West Bank and Gaza Strip, where more than 90 people have died in violence since December.

Mr Shamir held out the faint prospect of flexibility, alluding to an earlier US proposal last October to launch direct nego-

tiations using the auspices of the US-Soviet summit in Washington. Mr Shamir said: "We shall be ready to consider a similar proposal."

A senior US official said King Hussein of Jordan had rejected this approach last year, and he indicated a lack of enthusiasm on the part of Washington. "If you start picking out your proposal apart, it is not going to be workable. It is an integral whole."

During yesterday's talks, President Reagan stressed the close friendship between the US and Israel, but he made

clear that the time was ripe for a peace initiative.

Though Mr Shamir has not given a firm "no" to the US plan, the Reagan Administration expects an answer soon, not just from Israel but from the Arab states who have been lukewarm, too.

Outside the White House pro-Israeli and pro-Arab demonstrators gathered with Star of David flags and banners which said "No tax dollars for Israeli barbarians" and "Zionism is racism".

James Buchan reports on a once-proud Dallas group which unwittingly invested in disaster

First RepublicBank's gamble fails

THERE IS more empty office space in Dallas than most other cities have offices.

Beneath the gleaming skyline, there are 37.2m square feet of empty offices, which is more than a quarter of all the office space in town.

Values have halved in four years and most space sells for below the cost of new construction. New sales are at a 10-year low. There is no sign of improvement.

This week, the Dallas property slump claimed its most illustrious victim yet in the form of First RepublicBank, the once-proud Dallas institution which is Texas's largest bank holding company.

With 59 per cent of its \$24.3bn loan book concentrated in property, and fully \$4m out to land developers, the group has been an accident waiting to happen.

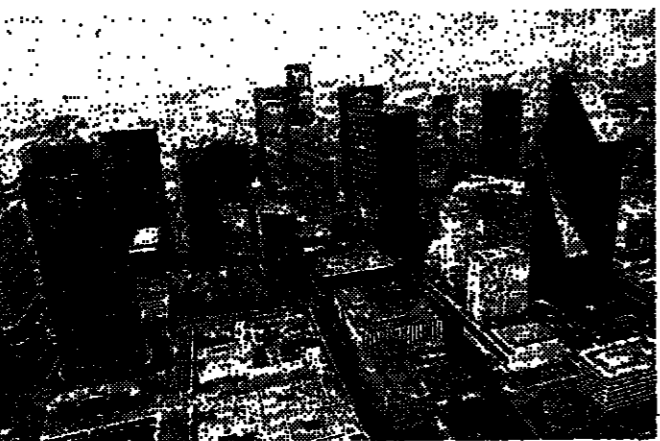
"This is not a problem of the Texas economy, which is not in such bad shape," says Mr Paul Horvitz, a Professor of Banking at the University of Houston. "It's a problem of undiversified portfolios."

On Tuesday, First RepublicBank threw in the towel. In the face of rumours and uncertainty that were bleeding the bank of its deposits, First RepublicBank's directors decided to seek help from the US Federal Government to restructure and recapitalize its operations.

At the same time, the bank group said it had sought funds from the Federal Reserve Bank of Dallas to replace its lost deposits.

Tuesday's decision is a deep humiliation for First RepublicBank and its management, led by Mr Gerald Fronterhouse, chairman, which as recently as 1986 was regarded as the strongest in Texas. Early last year, Mr Fronterhouse stunned the industry by taking over a troubled Dallas rival, InterFirst, in a \$644m stock swap.

The merger created Texas's largest bank holding company, with 73 banks in the state, but it carried the seeds of disaster. It



First RepublicBank has fallen victim to Dallas's property slump.

combined InterFirst's weak loan portfolio with First RepublicBank's property assets, which were rapidly going bad.

Despite heroic efforts to cut costs at the merged group, the deterioration in property values forced First RepublicBank to recognise that many of its property loans would never be paid back.

The group was forced to make provisions against the loans, which led to a staggering \$656.8m in losses last year. First RepublicBank said in January that \$3.9m of its loans were in "nonaccrual" status, meaning they were not being paid.

The revelations about the group's financial condition caused deep unease among depositors, particularly at the main Dallas bank.

The Dallas bank suffered a run of \$600m on its deposits in the week to February 24. Since then, the entire group has been forced to buy deposits from other banks at high cost and it was increasingly vulnerable to further losses of confidence.

Nobody knows how much capital the bank will need, but it could be as much as \$1.5bn, which would be a huge sum for a bank that had pumped into Continental Illinois in 1984 in the largest

ever US bank rescue.

A more pressing question is whether Mr Fronterhouse can find any outside investors for his troubled group, even with the backing of the Washington Federal Deposit Insurance Corporation (FDIC).

The group has hired Morgan Stanley and Drexel Burnham Lambert, two Wall Street investment firms, to scour the markets for capital as part of a plan that would go before the FDIC, which is itself financially strapped.

One possibility, which was being widely discussed yesterday, is for the creation of so-called "good" and "bad" banks. Under this approach, which is being tried in the troubled \$1.5bn rescue of First City Bancorporation of Houston, the \$4m or more in bad loans would be spun off into a separate bank owned by current stockholders who would share in the gains - if any - of liquidating the portfolio. New investors and the FDIC would then capitalise the "good" bank with the sound loans.

But the outlook is not very good. Analysts say that First RepublicBank, with loans, property and other assets of \$83.4bn, is too big for a US bank to take over, let alone a group of private investors as at First City.

"The chances of private sector capital are slim and they have got slimmer after today," says Mr Horvitz of the University of Houston. "The bank is in a desperate position. The bank management in Texas could not pull off the InterFirst merger will make people more reluctant to invest in Texas banking."

Tuesday's failure by the FDIC and Mr Robert Abbott, the Chicago banker leading the investor group, to gain the agreement of creditors to the First City rescue is regarded on Wall Street as a grim omen.

"That's got to hurt," says Mr Jim McDermott, analyst at the Wall Street bank rating firm, Keefe Bruyette.

Stephen Fidler adds: Money markets in London reacted calmly yesterday to First RepublicBank's request for federal assistance. The problems of Texas banks have been widely known for some time, but they have not had a significant international presence.

However, some banks in London were presumed to have lent it funds through the interbank market and may also have some foreign exchange exposure.

"You can bet everybody's looking at their exposure very closely, but there's been no perceptible effect so far on the market," said the head of money markets at one London bank.

The bank has two floating rate notes outstanding: \$150m of subordinated notes for RepublicBank and \$100m of senior notes for InterFirst. But neither issue trades actively.

FIRST REPUBLICBANK DALLAS AT A GLANCE			
	Non-performing assets (\$m)	Non-performing ratio (%)	
Dec 86	0.853	5.69	
Mar 87	1.128	7.48	
Jun 87	2.423	16.48	
Sep 87	3.129	12.37	
Dec 87	3.922	15.98	

S African budget will reduce state role

BY JIM JONES IN JOHANNESBURG

MR BAREND DU PLESSIS, South Africa's Finance Minister, yesterday presented a budget designed to open the way to a reduction of the state's economic role and to sustain growth in an economy "hamstrung" by sanctions.

The country's internal and external security problems were reflected by a 22 per cent increase in defence spending.

Mr du Plessis described the economy as affected by "politically-motivated and internationally-orchestrated restrictions that distort the optimal allocation of resources with which our country is so richly endowed."

The country's ability to channel "even the resources we

already possess to the areas of greatest need is constrained," he added.

Nevertheless, the economy was growing at an annual rate of 5.5 per cent in the last quarter of 1987 against 2.5 per cent for last year as a whole. Economic restructuring and to implement the monetary and fiscal policies needed to reduce inflation further from this January's 14.2 per cent.

In February, the South African Reserve Bank announced lower money supply growth targets and, on March 4, raised the bank base rate to 10.5 per cent from 9.5 per cent as part of a tighter monetary stance.

Though Mr du Plessis' speech contained no new privatisation

initiatives it indicated a reduction of the state's economic role through a decline in real spending.

The budget had been preceded by indications that the Government was preparing to come to grips with its spending, to reduce its dominant role in the economy and to implement the monetary and fiscal policies needed to reduce inflation further from this January's 14.2 per cent.

In February, the South African Reserve Bank announced lower money supply growth targets and, on March 4, raised the bank base rate to 10.5 per cent from 9.5 per cent as part of a tighter monetary stance.

Though Mr du Plessis' speech contained no new privatisation

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Though Mr du Plessis' speech contained no new privatisation

UK markets divided over implications of Budget

BY SIMON HOLBERTON IN LONDON

BRITAIN'S FINANCIAL markets gave a hesitant response to the Chancellor of the Exchequer's Budget as analysts and investors attempted to digest its economic implications.

A day after Mr Nigel Lawson's fifth, and perhaps last, Budget there were differing opinions over the credibility of his economic forecasts and the efficacy of his \$4bn (£7.4bn) tax giveaway.

Share prices ended lower, with the FT-SE 100 share index closing 14.2 down at 1,825.7, and an

\$800m offering of gilt-edged securities by the Bank of England went largely untouched. The pound, which had opened lower and remained steady throughout most of the day, closed at DM3.05, compared with DM3.075 on Tuesday.

Analysts and traders said the market's pre-Budget hope of an imminent cut in base rates had receded. Most think the next move on base rates will depend on the exchange rate and that the authorities would not prob-

ably engineer a cut in interest rates until the pound threatened to rise above DM3.15.

The extent of the division of opinion in the market was indicated yesterday when two leading UK securities houses came to opposing conclusions over the economic consequences of the Budget.

James Capel said: "The Chancellor, like us, does not appear to regard overheating as an imminent problem," while Phillips & Drew concluded tersely: "Risks of

overheating remain."

The latter view was echoed by Mr Richard Jeffrey, of Hoare Govett. "The worry with the Budget is that it fosters growth but fuels inflation."

This concern was most forcefully seen in the gilt market where a rally early in the morning failed to provide support for the Bank's offering of £800m 8½ per cent Treasury Stock 1994.

Budget aftermath: Page 12; UK parliament, Page 13; Observer, Editorial comment, Page 16.

World Weather											
Location	Temp	Wind	Cloud	Temp	Wind	Cloud	Temp	Wind	Cloud		
Algeria	15	10	Partly	Algeria	15	10	Partly	Algeria	15	10	Partly
Amman	18	10	Partly	Amman	18	10	Partly	Amman	18	10	Partly
Baghdad	22	10	Partly	Baghdad	22	10	Partly	Baghdad	22	10	Partly
Bangkok	28	10	Partly	Bangkok	28	10	Partly	Bangkok	28	10	Partly
Bombay	28	10	Partly	Bombay	28	10	Partly	Bombay	28	10	Partly
Buenos Aires	18	10	Partly	Buenos Aires	18	10	Partly	Buenos Aires	18	10	Partly
Calcutta	28	10	Partly	Calcutta	28	10	Partly	Calcutta	28	10	Partly
Cairo	22	10	Partly	Cairo	22	10	Partly	Cairo	22	10	Partly
Cardiff	12	10	Partly	Cardiff	12	10	Partly	Cardiff	12	10	Partly
Chennai	28	10	Partly	Chennai	28	10	Partly	Chennai	28	10	Partly
Cebu	28	10	Partly	Cebu	28	10	Partly	Cebu	28	10	Partly
Dakar	28	10	Partly	Dakar	28	10	Partly	Dakar	28	10	Partly
Dhaka	28	10	Partly	Dhaka	28	10	Partly	Dhaka	28	10	Partly
Dublin	12	10	Partly	Dublin	12	10	Partly	Dublin	12	10	Partly
Frankfurt	12	10	Partly	Frankfurt	12	10	Partly	Frankfurt	12	10	Partly
Geneva	12	10	Partly	Geneva	12	10	Partly	Geneva	12	10	Partly
Hong Kong	28	10	Partly	Hong Kong	28	10	Partly	Hong Kong	28	10	Partly
London	12	10	Partly	London	12	10	Partly	London	12	10	Partly
Los Angeles	18	10	Partly	Los Angeles	18	10	Partly	Los Angeles	18	10	Partly
Madrid	18	10	Partly	Madrid	18	10	Partly	Madrid	18	10	Partly
Mumbai	28	10	Partly	Mumbai	28	10	Partly	Mumbai	28	10	Partly
Nairobi	28	10	Partly	Nairobi	28	10	Partly	Nairobi	28	10	Partly
Paris	12	10	Partly	Paris	12	10	Partly	Paris	12	10	Partly
Rangoon	28	10	Partly	Rangoon	28	10	Partly	Rangoon	28	10	Partly
San Francisco	18	10	Partly	San Francisco	18	10	Partly	San Francisco	18	10	Partly
Singapore	28	10	Partly	Singapore	28	10	Partly	Singapore	28	10	Partly
Tokyo	18	10	Partly	Tokyo	18	10	Partly	Tokyo	18	10	Partly
Washington	18	10	Partly	Washington	18	10	Partly	Washington	18	10	Partly
Zurich	12	10	Partly	Zurich	12	10	Partly	Zurich	12	10	Partly

Readings of mid-day temperature

Celsius D-Degrees F-Fair F-Fog H-Hail R-Rain

Noriega stays in control

Continued from Page 1

first claimed that the shooting had been the result of a military exercise.

The General himself, when confronted later in the morning by journalists, replied jokingly: "What shooting?" then added: "I'm throwing kisses at you". When asked if he had money to pay some 150,000 public employees who have been protesting since Monday, he said: "Tell the gringos to give back the money. They robbed it from us."

The US is backing Mr Eric Arturo Delvalle, ousted as presi-

dent by Gen Noriega almost three weeks ago. The transfer of all funds from the US, including Canal revenues and Panamanian assets in US banks, has been blocked. This measure is rapidly strangling Panama's dollar-based economy, fomenting protest and the long drawn-out crisis over Gen Noriega's fate is coming to a head.

The 10,000 US troops in Panama and their families have been advised to stay within their bases, according to Pentagon officials. Better reports from Washington.

World Weather											
Location	Temp	Wind	Cloud	Temp	Wind	Cloud	Temp	Wind	Cloud		
Algeria	15	10	Partly	Algeria	15	10	Partly	Algeria	15	10	Partly
Amman	18	10	Partly	Amman	18	10	Partly	Amman	18	10	Partly
Baghdad	22	10	Partly	Baghdad	22	10	Partly	Baghdad	22	10	Partly
Bangkok	28	10	Partly	Bangkok	28	10	Partly	Bangkok	28	10	Partly
Bombay	28	10	Partly	Bombay	28	10	Partly	Bombay	28	10	Partly
Buenos Aires	18	10	Partly	Buenos Aires	18	10	Partly	Buenos Aires	18	10	Partly
Calcutta	28	10	Partly	Calcutta	28	10	Partly	Calcutta	28	10	Partly
Cairo	22	10	Partly	Cairo	22	10	Partly	Cairo	22	10	Partly
Cardiff	12	10	Partly	Cardiff	12	10	Partly	Cardiff	12	10	Partly
Chennai	28	10	Partly	Chennai	28	10	Partly	Chennai	28	10	Partly
Cebu	28	10	Partly	Cebu	28	10	Partly	Cebu	28	10	Partly
Dakar	28	10	Partly	Dakar	28	10	Partly	Dakar	28	10	Partly
Dhaka	28	10	Partly	Dhaka	28	10	Partly	Dhaka	28	10	Partly
Dublin	12	10	Partly	Dublin	12	10	Partly	Dublin	12	10	Partly
Frankfurt	12	10	Partly	Frankfurt	12	10	Partly	Frankfurt	12	10	Partly
Geneva	12	10	Partly	Geneva	12	10	Partly	Geneva	12	10	Partly
Hong Kong	28	10	Partly	Hong Kong	28	10	Partly	Hong Kong	28	10	Partly
London	12	10	Partly	London	12	10	Partly	London	12	10	Partly
Los Angeles	18	10	Partly	Los Angeles	18	10	Partly	Los Angeles	18	10	Partly
Madrid	18	10	Partly	Madrid	18	10	Partly	Madrid	18	10	Partly
Mumbai	28	10	Partly	Mumbai	28	10	Partly	Mumbai	28	10	Partly
Nairobi	28	10	Partly	Nairobi	28	10	Partly	Nairobi	28	10	Partly
Paris	12	10	Partly	Paris	12	10	Partly	Paris	12	10	Partly
Rangoon	28	10	Partly	Rangoon	28	10	Partly	Rangoon	28	10	Partly
San Francisco	18	10	Partly	San Francisco	18	10	Partly	San Francisco	18	10	Partly
Singapore	28	10	Partly	Singapore	28	10	Partly	Singapore	28	10	Partly
Tokyo	18	10	Partly	Tokyo	18	10	Partly	Tokyo	18	10	Partly
Washington	18	10	Partly	Washington	18	10	Partly	Washington	18	10	Partly
Zurich	12	10	Partly	Zurich	12	10	Partly	Zurich	12	10	Partly

World Weather											
Location	Temp	Wind	Cloud	Temp	Wind	Cloud	Temp	Wind	Cloud		
Algeria	15	10	Partly	Algeria	15	10	Partly	Algeria	15	10	Partly
Amman	18	10	Partly	Amman	18	10	Partly	Amman	18	10	Partly
Baghdad	22	10	Partly	Baghdad	22	10	Partly	Baghdad	22	10	Partly
Bangkok	28	10	Partly	Bangkok	28	10	Partly	Bangkok	28	10	Partly
Bombay	28	10	Partly	Bombay	28	10	Partly	Bombay	28	10	Partly
Buenos Aires	18	10	Partly	Buenos Aires	18	10	Partly	Buenos Aires	18	10	Partly
Calcutta	28	10	Partly	Calcutta	28	10	Partly	Calcutta	28	10	Partly
Cairo	22	10	Partly	Cairo	22	10	Partly	Cairo	22	1	

INTERNATIONAL APPOINTMENTS

Change of president for McDonnell Douglas

A NEW president has been elected at McDonnell Douglas, US manufacturer of military and commercial aircraft, while several promotions and reassignments of senior company executives have also been announced.

Mr John F. McDonnell, president since 1980 and successor to Mr Sanford N. McDonnell on the latter's retirement as chairman and chief executive two weeks ago, declared that Mr Gerald A. Johnston has become president.

Mr Johnston, 56, has been serving as vice-president and general manager of McDonnell Douglas Astronautics Co.'s facilities in Huntington Beach, California. He joined Douglas Aircraft in 1956 and rose through a variety of positions to become chief engineer on the Nike X and Spartan Missile Programmes in 1965.

In 1968, he was appointed director of development engineering

on the Spartan programmes at the newly organised McDonnell Douglas Astronautics. During 20 years with that division, he was promoted a number of times to reach his last held post.

"Gerry Johnston is well prepared to help lead McDonnell Douglas into the 1990s and 21st century," John McDonnell said. "He has demonstrated an exceptional ability to work effectively both with customers and with the corporation's internal team."

"Just as importantly, he has shown himself to be an innovative leader with a clear understanding of the kinds of changes that will have to be made if McDonnell Douglas is to remain in the forefront of aerospace and information systems industries."

Mr Louis F. Harrington, a Douglas Aircraft senior vice-president, is succeeding Mr Johnston in his last held position. Mr Robert C. Little, 62, corporate

vice-president, aerospace group executive since 1984, moves to the new position of vice-chairman, government business.

Mr James R. Worsham, 63, the group's other corporate vice-president, aerospace executive, returns to his previous post as president of Douglas Aircraft. Mr William T. Gross relinquishes this position and becomes senior vice-president at Douglas.

Mr Jeremy J. Causley, 44, moves up from corporate vice-president, Information Systems executive officer to president of that unit.

Three McDonnell Douglas corporate vice-presidents have been promoted to the new position of senior vice-president: Mr James H. MacDonald, 51, employee and external relations; Mr Jerry G. Brown, 54, finance; and Mr John T. Sant, 55, general counsel.

Mr James T. McMillan, 62, president of McDonnell Douglas Finance, takes on the new position of senior vice-president, group executive of the parent. He will serve as chairman of the Finance Corporation, and of the Realty and Travel units.

"This revision of our management structure," Mr John McDonnell said, "is designed to maximise the effectiveness of the people involved, and strengthen the efficiency and innovativeness of the organisation."

Executive changes at United Air

UNITED AIRLINES, the Allegis subsidiary, has announced a management reorganisation and hinted that further changes may be made in the near future, reports AP-DM.

In a note to employees, Mr Stephen M. Wolf, president and chief executive of both Allegis and United, stated that "a new organisation is emerging at United." Some United officials said they expect more changes as Mr Wolf continues to assert his leadership over the company he was named to run in December.

The moves include several new appointments and the resignation or retirement of three top officers. The biggest jolt was the resignation of Mr Donald C. Moon, 47, as Pacific division head. He presided over the turnaround of the Pacific operations purchased from Pan Am in 1986.

Mr Moon, a 20-year United veteran who is based in Honolulu, said he opted to resign after Mr Wolf decided to reassign him to the company's Chicago headquarters as a vice-president in marketing. Family reasons require him to remain in Hawaii, Mr Moon said, adding that he has no immediate employment plans.

His successor is Mr William C. Spelcher, a United executive who at one time was regional vice-president in Hawaii, and most recently a senior vice-president and general sales manager.

Telecommunications policy negotiator takes BellSouth post

MR FRANCIS S. Urbany, until recently the US Government's top international telecommunications policy negotiator, has been appointed director, international and agency relations, for the US telecommunications group BellSouth, one of the seven regional holding companies spun off from AT & T in 1984.

The appointment was announced by Mr David J. Markey, BellSouth vice-president. Mr Urbany was employed for the past 17 years in the White House Office of Telecommunications Policy, and its successor agency, the National Telecommunications Administration (NTIA). He served under Presidents Reagan, Carter, Ford and Nixon, and retired from the Government as associate administrator for international affairs at NTIA.

In that position, he was involved with issues as diverse as foreign market access, deregulation of telecommunications systems overseas and international treaty negotiations. At BellSouth, he is responsible for the corporation's dealings with international organisations and various federal executive agencies.

"Frank has been universally recognised for professional competence and exceptional personal diplomacy skills in resolving complex issues around the world," said Mr R.L. "Mickey" McGuire, BellSouth's senior vice-president, governmental affairs. Mr Urbany served with Mr Markey on the US delegation to the recent Mobile World Radio Administrative Conference in Geneva, which set international spectrum allocations for sophisticated mobile communications systems used for emergency and other safety transmissions from aircraft and ships at sea.

Mr Urbany served with Mr Markey on the US delegation to the recent Mobile World Radio Administrative Conference in Geneva, which set international spectrum allocations for sophisticated mobile communications systems used for emergency and other safety transmissions from aircraft and ships at sea.

BANK OF America, the large California-based bank, announced that Mr Daniel N. Cecchin, currently president of its BA World Trade Corporation (BAWTC), located in San Francisco, will replace Mr Roland Ward as vice-president and country manager, Switzerland, for the bank.

Mr Cecchin joined the bank in 1984 as director of countertrade in BAWTC and became president of the unit in late 1985. He will move to Zurich but remain responsible for countertrade for the bank globally. Switzerland is a recognised centre for this type of business.

He spent 10 years with European American Bank, where he was assistant general manager, merchant banking, and vice-president with responsibilities for international credit and finance.

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Senior promotion at Nymex

THE NEW YORK Mercantile Exchange (Nymex), which trades in commodity futures and options and is the world's biggest oil futures market, has promoted Mr R. Patrick Thompson to executive vice-president from senior vice-president and general counsel of the Exchange.

Mr Thompson, 38, has held numerous Nymex posts, including: vice-president and senior vice-president of compliance from

1981 to June, 1984; special assistant from May, 1985, to February, 1986; and his most recent role.

He has also been a qualified trader on the Nymex floor, and a member of the Commodity Futures Trading Commission's Division of Enforcement. He is a graduate of Catholic University, Columbus School of Law and St Joseph's College, Philadelphia, and is admitted to practice in Pennsylvania and New York.

Accountancy Appointments

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International Securities

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- Monthly management reporting
- Medium term financial planning
- Budgeting and cost control
- Development of central finance systems

The position requires high exposure within the company and should provide excellent opportunities for both enhanced responsibility and promotion.

Probably in their late 20s or early 30s, applicants should be graduate accountants, with broad experience gained in industry or commerce. Well developed management and communication skills are required, as is the ability to produce results to tight deadlines.

Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/703/MB. List separately any companies to whom you do not wish your details to be sent as all correspondence will be passed directly to our client who will conduct the interviews.

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areas of business planning and acquisitions.

Candidates, aged 28-35, should be qualified accountants, of graduate intellect, who can demonstrate rapid progression based on high levels of achievement in their career to date, together with above average energy, flair and inter-personal skills.

Relocation facilities are available where appropriate. Interested applicants should write to Stephen Broadhurst or Rod Shaw at Michael Page Partnership, Imperial Building, Victoria Street, Nottingham NG1 2EX. (Tel: 0602 483480).



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As a result of their impressive organic growth and immediate acquisitive ambition a key individual is sought to complement the current management team.

Working closely with the Managing Director this individual will be expected to provide the financial advice concerning the Company's strategy and direction, particularly with regard to the assessment and evaluation of targeted acquisitions. In addition, full responsibility for the accounting function will be assumed.

The demands of this challenging position require both a wide commercial perspective for general management and also the ability to exercise tight control, managing a small central accounts team.

In order to satisfy the requirements of this role you must have an excellent post-qualified track record to date within a manufacturing environment. Having already reached a Control position you will have had significant costing and stock control exposure and be sufficiently capable to grow with the Company and grasp all the opportunities that will ensue.

If you feel you have the strength of personality to fulfil these broad expectations please contact Tim Musgrave on 01-925 0453 or write enclosing a detailed CV to the address below:

ROBERT • WALTERS • ASSOCIATES

EXECUTIVE SELECTION

10 Charles II Street London SW1Y 4AA Telephone: 01-925 0453

During the past three years, Parkfield has been transformed from a foundry company with annual sales of £4 million into a highly profitable manufacturing and distribution group with annual sales in excess of £250 million.

Parkfield has a strong balance sheet and is therefore very well placed to take advantage of the considerable opportunities that exist both for the organic growth of its companies and for future acquisitive growth.

The corporate finance team, reporting to the financial director, fulfills a key function in the review and pursuit of such opportunities. The team is small and therefore demands people of a very high calibre and a high level of personal commitment.

Candidates should have ideally had some experience of project appraisal, financial analysis and acquisition review gained, preferably, in more than one business environment.

Applicants should be well able to operate and communicate at senior executive and board level and should be self starters with the confidence, ability and commercial astuteness to work with the minimum of leadership and guidance.

Opportunities for personal growth are considerable and salary will not preclude the recruitment of exceptional candidates who may very well be in a similar role at present.

Write, including a full CV to Tim Elster, Parkfield Group Plc, Longdene House, Longdene Road, Haslemere, Surrey GU27 2PH.

PARKFIELD GROUP PLC

INVESTIGATIONS ACQUISITIONS SPECIAL PROJECTS

HASLEMERE, SURREY
Salary in Excess of £50K + Car
Share Options, etc.



The University
of Sydney, Australia

BLAKE DAWSON WALDRON CHAIR OF BANKING LAW

Reference No. 06/85

Applications are invited for the newly established Blake Dawson Waldron Chair of Banking Law in the Department of Law. The successful applicant will have an established reputation in the field of banking law and will be expected to develop the field of banking law at both undergraduate and post-graduate levels. The Chair will be funded by the University of Sydney and Blake Dawson Waldron, Solicitors. The appointment will be for up to five years in the first instance.

Intending applicants should obtain a detailed statement of information concerning the Chair from the Association of Commonwealth Universities, 20 Gordon Square, London WC1H 0PF.

Salary will be at the rate of £85,070 per annum (under review). Method of Application: Applications in duplicate, quoting reference number and including curriculum vitae, list of publications and the names and addresses of three referees, to the Registrar, Staff Office, University of Sydney, NSW 2006, Australia, from whom further information is also available.

Applications close: 22 April 1988. The University reserves the right not to proceed with any appointment for financial or other reasons. Equal employment opportunity is University policy.

Group Taxation Manager

C.£40,000 + car + bonus

This is a top level tax position involving an active role in decision making at main board level for a major UK group which has extensive international interests and trading activities.

The Group Taxation Manager will be responsible to the Finance Director for a major input on group structuring; provision of a positive tax planning and forecasting activity, including advising on group strategic plans; actively advising on acquisitions and divestments; and co-ordination and control of taxation for group businesses in the UK and overseas to optimise present and future taxation. The tax department will be based in Central London.

Applicants should be experienced international tax professionals with the self motivation and drive to lead the function. The ability to manage projects, negotiate effectively and project a professional image in the process are essential. Qualification as a chartered accountant and ATII are required.

Age guideline—Mid 30's.

Please reply, in confidence, quoting Ref: L358 to:

Brian H Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 01-240 7805

**Mason
& Nurse**
Selection & Search

CHIEF ACCOUNTANT

South London

£25,000 + Car + Benefits

Successful expansion within this major international Hi-Tech Company has provided a rare opportunity for an ambitious, qualified accountant to join the senior management of the Finance and Administration Division as Chief Accountant.

Your primary responsibility will be to provide a complete statutory reporting service, including the implementation and development of effective financial controls and reporting systems.

The position reports to the Financial Controller and you will supervise a team of fourteen professional and general accounting staff.

Prospects for career progression are excellent. This is a demanding role which requires a flexible shift sleeves approach; you will also need good interpersonal skills and the ability to react effectively under pressure.

If you are a qualified accountant aged 25-35 with a proven track record in a commercial environment and are interested in discussing this position further, please call Edward Akerman on 01-930 7850. Alternatively, write enclosing brief details to the address below.

ROBERT WALTERS ASSOCIATES

RECRUITMENT CONSULTANTS
66-68 Haymarket London SW1Y 4RF Telephone: 01-630 7850

GROUP FINANCIAL ACCOUNTANT

An Outstanding Career Opportunity

West London

Excellent Neg Salary + Car

- Our client a well-established UK plc manufactures and distributes worldwide a range of engineered products. Turnover from UK and overseas subsidiaries exceeds £30M. After a profits recovery, planned future expansion necessitates a strengthening of the small group finance team.
- For a dynamic qualified accountant, aged 25-35 with at least 3 years post-qualifying industrial experience, this position offers an opportunity to work closely with the Group Finance Director as a key member of a central team in a challenging environment, on a wide range of finance matters.
- The package includes a negotiable salary, incentive bonus and benefits are international group standard.
- Candidates please write enclosing career and salary details to Peter A Page, Senior Consultant, 3i Consultants Ltd, 8 High Street, Windsor, Berks SL4 1LD or telephone Windsor (0753) 867175 (24 hrs), quoting Ref: PP728.

3i Consultants Ltd
Human Resources



A WEALTH OF
EXPERIENCE

BAA
Heathrow

PROJECT ACCOUNTING MANAGER

Maximum Involvement in Major Projects at
the World's Premier International Airport
to £20,000 pa

Heathrow is experiencing one of the most exciting chapters in its history as it plans and prepares for the travel needs of the future.

As Project Accounting Manager with your team of five staff, you will be responsible for the planning, budgeting and controlling of expenditure on numerous projects – the latest of which is the redevelopment of Terminal 2.

You will also be part of a team involved in developing a new computerised project accounting system to meet future needs.

We are looking for a qualified Accountant with about 4 years' experience in a project based environment. You must be used to accounting

for large budgets on major schemes and be well versed in computerised accounting systems.

This is a highly responsible and challenging role which offers an excellent salary, an attractive benefits package and good prospects within Heathrow and throughout BAA plc.

To maximise your prospects for the future, please write enclosing full CV to: Michelle John, Assistant Personnel Officer, Heathrow Airport Ltd, Dalbiac House, Heathrow Airport London, Hounslow, Middx. TW6 1JH. Telephone: 01-746 7624.

HIGH PROFILE MANAGEMENT ROLE FOR QUALIFIED ACCOUNTANT

£ NEGOTIABLE + CAR

NORTHAMPTONSHIRE

Fast and consistent growth has brought many rewards with it to RS: the highest position in our market place, an extremely sound financial base and very exciting plans for future development.

In a company committed to efficient, yet progressive budgeting and cost control growth has also brought with it greater visibility for, and higher demands on, management accounting.

A confident, clear thinking Manager is now sought to direct and develop our 15 strong management accounting operation. Reporting to the Director of Finance your role will be one of strategy, analysis and commentary. We will expect you to look at long term development in addition to ensuring classical management accounting tasks such as cashflow forecasts and monthly/annual accounts are carried out.

Already an experienced Manager your background will be in industry or commerce, preferably in fmcc or associated fields. A fully qualified accountant, you will also possess strong interpersonal skills and a solid track record of achievement and success.

Rewards are excellent. The RS benefits package includes a car and generous relocation expenses to the Northamptonshire area.

Please forward your CV to
Mrs M Ludbrook, Personnel Services
Manager, RS Components Ltd,
PO Box 99, Corby,
Northants NN17 9RS.



an electrocomponents group company

Group Finance Director

Minimum £50,000 equivalent + benefits
Kingston, Jamaica

One of Jamaica's foremost and fastest growing companies, including significant and rapidly expanding hotel operations, requires a Group Finance Director. Following many years service to the Group, the Group Finance Director is departing to take up residence in the US, which results in the need to appoint a mature and business minded financial executive to this key appointment.

Working closely with the Group Chairman, the successful applicant will be required to participate in the commercial affairs of the Group as well as full responsibility for all the financial

and accounting aspects of the Group's business ensuring that the financial resources are properly planned and controlled.

Applicants aged 35 to 50 must be in possession of a major accounting qualification with at least five years senior level industrial/commercial experience, ideally, but not essentially, in the hotel industry and/or overseas. They must be able to demonstrate commercial achievement coupled with the ability to liaise effectively with all levels of management and of varying disciplines.

The commencing salary will reflect

the importance of this appointment and will be negotiated in the region of \$450,000 per annum plus appropriate benefits. Our client has emphasised that salary will not be a limiting factor for the right candidate.

Those interested should write for further information enclosing a full CV and salary history, quoting reference MCS/7225A to: Michael R Andrews, Executive Selection Division, Price Waterhouse Management Consultants, No. 1 London Bridge, London SE1 9QL.

Price Waterhouse



FINANCIAL SERVICES COMPUTER AUDITORS

To £22K package

Hampshire

Fast as the financial services sector is growing, TSB Trust Company, one of the insurance and unit trust arms of the TSB Group, continues to expand faster.

Which is why we now need to add two Computer Auditors to the young audit management team within our fifteen strong Business Audit Department.

Your background could be in data processing, accounting or auditing and you should have experience in at least one of the following activities, preferably in an IBM mainframe environment:

- use of proprietary audit software packages
- systems quality assurance
- installation security
- systems under development
- technical support

In addition to the planning and execution of programmed audits, the successful candidates will play a major role in developing the DP skills of the department as a whole.

The benefits package you'll receive in return includes assisted mortgage, profit sharing, an annual bonus and a non-contributory pension scheme, together with flexible working hours and relocation assistance (where appropriate).

To apply for these positions, please write to or telephone Judy Woods, Personnel Department, TSB Trust Company Limited, Charlton Place, Andover, Hampshire SP10 1RE for an application form. Telephone Andover (0264) 56789 Ext. 21603.



TRUST COMPANY

Financial Services

Internal Auditor

International Banking Operations

We are a Banking and Financial Services group with operations in London, Zurich, Jersey, Singapore and Hong Kong which has its National Office in Toronto.

We are seeking a Chartered Accountant who has qualified within the last four years and has gained relevant experience in the accountancy profession or in the banking/financial services industry. Candidates must be able to demonstrate a determined self-motivated approach, and have proven leadership and communication skills.

Based in the City the position will involve a certain amount of travel to visit Group companies overseas.

Salary is negotiable according to experience and includes generous benefits including mortgage subsidy, pension and life insurance, private medical and personal and season ticket loan facilities.

Please write in confidence with details of your career to date to:

Linda Cobbold - Manager Personnel
Royal Trust, Royal Trust House
48-50 Cannon Street,
London EC4N 6LD.



APPOINTMENTS

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Tessa Taylor
ext 3351

Dalrdre Venables
ext 4177

Paul Maraviglia
ext 4676

Elizabeth Rowan
ext 3456

Patrick Williams
ext 3694

FOOD COMMODITIES FINANCIAL SERVICES PROPERTY INDUSTRIALS

MANAGER CORPORATE AUDIT CITY

Salary Neg.
In excess of £30,000
+ Car + Bens



EXECUTIVE SELECTION DIVISION

This diversified ambitious Group, employs around 10,000 people, produces and supplies many of the world's basic needs and has some impressive plans for the future.

A major review of the finance function has promoted a substantial drive to recruit for 3 new, key, and high profile posts. Your success will be entirely dependent on your ability to think for yourself and meet the challenge of a dynamic and changing environment.

It is intended that the internal audit function will be risk orientated rather than transactions based.

The main task is to establish a Corporate Audit Department, and to be responsible for supervising the development of operational procedures for use throughout the group.

As a start up situation, it will be essential to liaise with all departmental heads to determine audit priorities; to develop and implement a timetable of internal audit work; devise methodology and standards of reporting; identify and monitor areas of corporate risk, and recruit additional staff in order to support the implementation of the above ideas.

The ideal candidate will be a qualified accountant with 3-4 years ppe in a managerial role in a commercial audit environment. Some experience of developing and implementing audit methodology is a clear advantage. An innovative approach with the drive to see things through are essential.

HARRISON WILLIS

FINANCIAL RECRUITMENT CONSULTANTS

Cardinal House, 39-40 Albemarle St., London W1X 3FD. Tel: 01-629 4463.

FINANCE MANAGERS

1. SOFT COMMODITIES
2. PROPERTY

CITY

Salary Neg.
c. £30,000 + Car + Bens



EXECUTIVE SELECTION DIVISION

The main task of these two positions is to report to the Board on the results and operations, to ensure that financial control is maintained, and assist in the commercial development and planning of individual businesses.

There will also be involvement working closely with responsible main board directors in targeting and evaluating potential acquisitions of a corporate or transactional nature and actively seeing initiatives through to fruition.

Suitable candidates will be qualified accountants and relevant commodities or property experience is essential. This experience may have been gained in a practice environment or through a commercial company. Aged to 35 and possessing all the personal qualities that are pertinent to these high profile positions.

To discuss these positions in further detail, contact **Hansa Savjani** on 01-629 4463, alternatively write to her at the address below, enclosing a comprehensive current career history.

HARRISON WILLIS

FINANCIAL RECRUITMENT CONSULTANTS

Cardinal House, 39-40 Albemarle St., London W1X 3FD. Tel: 01-629 4463.

CHARTERED ACCOUNTANTS

Where the individual counts

£20,000 + car + benefits

Hewlett-Packard, a market leader in computers and electronic instrumentation with a worldwide turnover in excess of \$7 billion, is renowned for an outstanding commitment to personnel, technical excellence and customer care.

We are now seeking to strengthen the Corporate Finance Group based at our prestigious UK headquarters in Pinewood, near Wokingham, with the addition of two ambitious, highly-motivated chartered accountants.

Our open management style and encouragement of new ideas will enable you to quickly develop the commercial, interpersonal and analytical skills to progress your career. You could start by specialising in either of the following positions.

Financial Analyst

We are seeking to appoint a young, high-calibre chartered accountant reporting to the Group Accounting Manager. You will be involved in financial analysis, performance reporting, planning, forecasting, targeting investigations and statutory and tax accounting.

The role will give broad-based experience in a result-oriented environment and the opportunity to work closely with senior line management.

Senior Tax Specialist

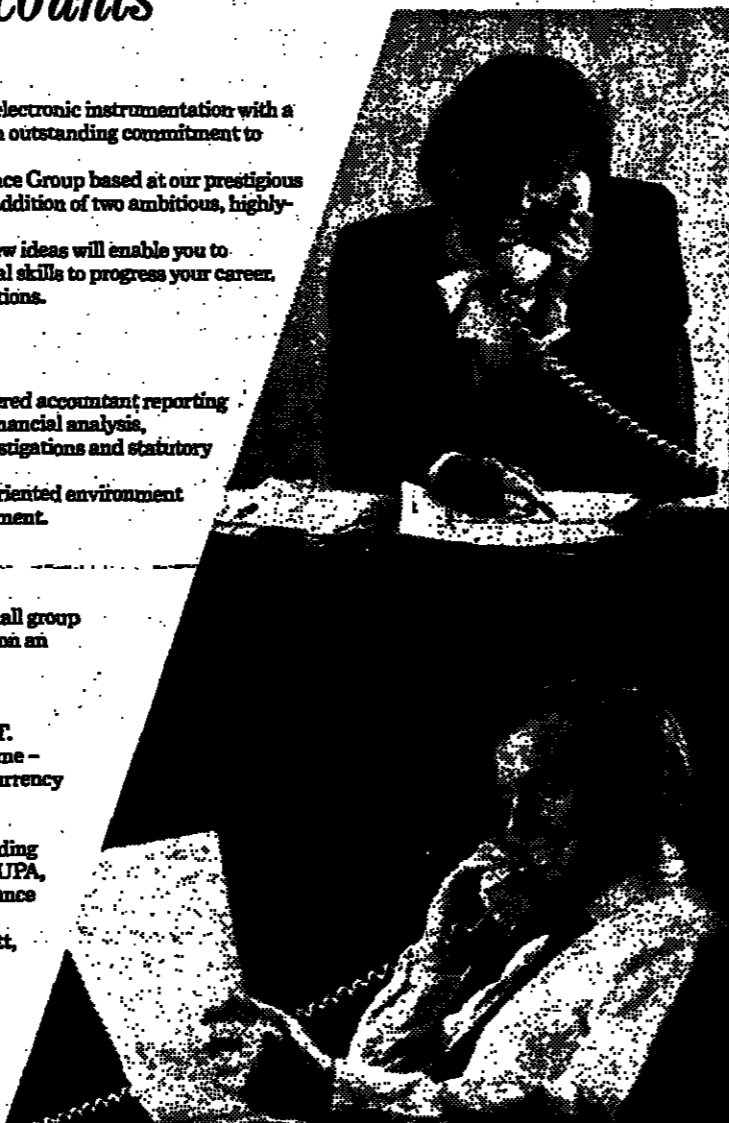
Continued growth demands further expansion of a small group specialising in sophisticated tax management and planning on an international scale. Responsibilities will include submission and negotiation of results together with an ever increasing involvement in a wide brief covering property transactions, dividends, treasury instruments, employee benefits and VAT.

We are looking for candidates with ACA/ATII to become involved in the intricacies of corporate taxation in a multi-currency environment.

The salary is accompanied by generous benefits including non-contributory pension, free life assurance, discounted BUPA, profit sharing, share purchase scheme and relocation assistance where appropriate.

Please send full career and salary details to Anne Scott, Hewlett-Packard Limited, Nine Mile Ride, Wokingham, Berkshire RG11 3LL. Tel: 0344 773100.

Hewlett-Packard is an equal opportunity employer.



KEY ROLES WITH A WORLD LEADER

Honeywell, is a world-leader in the field of advanced controls and a name which stands for total professionalism. We currently have openings for top calibre men and women at our Head Office operation in Bracknell.

SENIOR OPERATIONS AUDITOR

Reporting directly to the Manager of Group Accounting and Reporting, the role of Senior Operations Auditor is a complex and demanding one.

Your prime responsibilities will include: the documentation of all Sales Office and general accounting functions by means of a PC software package; to assess new systems and develop methods to resolve weaker areas of internal control; to complete and report on annual external control questionnaires for use in interim audit work and to liaise with external auditors during audit visits.

The ideal candidate will be a Qualified Accountant (preferably Chartered), with at least two years' proven experience in a large organisation. An ability to communicate at all levels and to work under own initiative are paramount. Experience of U.S. Accounting Standards would be an advantage.

These key positions carry comprehensive salary packages reflecting their importance.

If you wish to become a part of our success and can meet our very high standards, please contact: Eileen Williams on 0344 416396 for further details or send your C.V. to her at Honeywell Control Systems Limited, Honeywell House, Charles Square, Bracknell, Berkshire RG12 1EB.

ASSISTANT FINANCIAL ACCOUNTANT

As a newly or part-qualified accountant, you will be required to assist the Financial Planning and Reporting Accountant in all aspects of the consolidation and reporting of actual and plan data for the group and preparation of both internal and external management reports. Preparation of detailed variance reports as required. Use of a micro-computer and VDU terminal and development of new systems as appropriate.

You will be a skilled communicator, able to work quickly whilst maintaining a high level of accuracy. A familiarity with the use of a micro-computer is required. Assistance will be given to part qualified accountants to enable them to complete their training.

Leadership in Automation and Control
Honeywell

Step in to The Ritz... ...step out into Industry & Commerce

TUESDAY
22nd
MARCH

CAREERS FAIR FOR NEWLY QUALIFIED ACA's

- at The Ritz Hotel, Piccadilly
- from 6.00pm - 8.30pm
- in The Marie Antoinette Suite

Have you reserved a place at our Careers Fair to be held at The Ritz Hotel on March 22nd?

If you have, you will be able to discover a range of exciting career opportunities within the Industrial and Commercial sectors.

If not, you will miss the chance to meet representatives of these prestigious organisations.

A number of places remain for YOUNG, NEWLY QUALIFIED ACA's. Do not delay: telephone Vivien Bass or Carol Saunders on 01-836 9501, or alternatively telephone free on Linkline 0800 28 9501 to reserve a place.



FINANCIAL & MANAGEMENT RECRUITMENT CONSULTANTS

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DOUGLAS & LLAMBIAS ASSOCIATES LIMITED, 410 STRAND, LONDON WC2R 0NS
TELEPHONE: 01-836 9501

MERCHANT BANKING

Corporate Finance

Venture Capital

This blue-chip British merchant bank is one of the City's most prominent Corporate Finance specialists. The need to keep pace with constantly increasing business volumes has resulted in the current position - a superb entry-point for the "Big 8" trained Chartered Accountant to be fully involved in the team's Corporate Finance activities - particularly financings, listings, mergers and acquisitions. To sustain the team's excellent reputation you will need to demonstrate a high level of commercial awareness and first class achievement levels.

For further information please contact Felicity Hother or Anita Harris on 01-606 1706 or send a C.V. to the address below.

Anderson, Squires Ltd.,
Financial Recruitment Specialists
127 Cheapside, London EC2V 6BU

An exciting opportunity with a prime name International bank for a newly qualified ACA. This "step and" role centres on identifying new equity investment opportunities. Working with a focused and professional team, you will contribute to the maintenance and expansion of the current investment portfolio. Your responsibilities will stretch from assessing venture capital opportunities to final negotiations. Essential to the position is a keen interest in small businesses and exceptionally good communication skills.

Anderson, Squires



CHIEF DEVELOPMENT ACCOUNTANT

circa £27k + Car + Benefits

An essential part of one of the world's great drinks companies, Guinness Brewing has business responsibility in the UK for Guinness, Keilner and Harp brands.

Our success is based on constant improvement to our operations and in Finance, major initiatives are under way to upgrade and update systems using modern information technology.

Your primary objective therefore is to ensure that developments meet business and statutory needs by managing the project processes through both your own staff and IT professionals. You will also have line responsibility for Accounts Payable through an Accounting Manager.

Therefore the role offers an interesting blend of systems, accounting and people management elements.

A qualified accountant you must have a minimum of 3 years experience within medium/large organisations. This needs to have included exposure to project management. Technical computing knowledge is not essential. However, a high degree of aptitude and enthusiasm for systems work is vital. Above all you must possess excellent communications and influencing skills.

Success will be highly measurable and we seek an individual who has potential to progress within the Guinness group.

In addition to salary and prestige car, the package includes profit sharing, pension, free BUPA, 28 days holiday and free lunches. Relocation assistance is available.

Please write with full CV to Mr. C.J. Emptage, Assistant Personnel Manager, Guinness Brewing, Park Royal Brewery, London NW10 7RR, or telephone for an application form on 01-985 7700 Ext. 3316.

GUINNESS BREWING

Hoggett Bowers

Executive Search and Selection Consultants

MANCHESTER, BIRMINGHAM, CAMBRIDGE, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD and WINDSOR
A MEMBER OF BLUE ARROW PLC

Finance Director

**Manufacturing Company
West Yorkshire, To £40,000, Car**

The client is a very successful, medium sized manufacturer of components and capital equipment for the construction industry and has operations in the UK and subsidiaries overseas, including the USA. This is a new position and is a significant appointment for a company with ambitious growth plans to be achieved both organically and through acquisitions. Aged 40 to 50, candidates should be ACA or ACMA and possess a broad range of financial management skills including first hand experience of engineering, manufacturing, overseas subsidiaries, foreign exchange, financing rapid organic growth and business planning. The finance function is supported by an established experienced department and extensive computer facilities although some systems development work is required. The client is seeking a highly self-motivated 'hands-on' leader capable of supplying the highest quality of management information, advice and direction within the finance function. The benefits are attractive and a relocation package is available.

P.A. Adderley, Hoggett Bowers plc, 7 Lisbon Square, LEEDS, LS1 4LZ, 0532-448661. Ref: L11026/FT.

Financial Controller

**Fire & Security Systems
West London, c £30,000, Car, Benefits**

This £20m turnover division has been formed following the restructuring within an international group recognised as a world leader in the protection of life and property. Reporting to the Managing Director the successful candidate will take full responsibility for establishing and running the entire accounting and financial reporting functions within the division serving the South of England. A qualified accountant with high professional standards and technical excellence, your experience will include computerised systems and ideally a working knowledge of the contracting industry. Seasoned management skills and a high level of initiative will be required to assume this senior position and play a major role in the development of the business.

S.E. Heap, Hoggett Bowers plc, 1/2 Hanover Street, LONDON, W1R 9WB, 01-734 6852. Ref: F22011/FT.

Management Accountant

**£35m TIO Professional Services Team
Major Oil Company
Central London, Up To £24,000**

Considerable management accounting experience is required for this position, plus some financial accounting experience preferred. An accounting qualification is not essential. You will be responsible for running all the management accounting for a team of 100 technical and professional specialists who are working simultaneously on over 100 projects worldwide, on a time-charging basis. The vacancy is within the large oil and gas exploration and production subsidiary of a well-known British group. The management of budgeting, costing and control is of central importance in this business, and it is highly systematised. There are excellent career prospects in all spheres of accountancy throughout the group.

D. Venable, Hoggett Bowers plc, 1/2 Hanover Street, LONDON, W1R 9WB, 01-734 6852. Ref: H15027/FT.

Group Financial Accountant

**Immediate Challenge
Enfield, Middlesex, To £22,000, Car**

Britain's most successful employee-embodied Group specialising in transportation worldwide and envisaging a public flotation, currently seeks an ambitious Accountant to contribute to the strategic growth and global development of the Business. You will assume responsibility for the direct reporting of Group Financial Information and ensure that financial policies are maintained to the highest professional standards supported by a team of staff. The ideal candidate aged 25 to 35 will offer a minimum of two years post-qualification experience, possibly from a transport related industry. You will have displayed leadership qualities and be familiar with developing and initiating computer based systems. A 'hands-on' individual is required who has the ability to work within a fast developing organisation with ever changing needs. Excellent opportunity for advancement within the Group and their New World Structure.

B. Boylan, Accountancy Division, Hoggett Bowers plc, 1/2 Hanover Street, LONDON, W1R 9WB, 01-499 2786. Ref: 842/FT.

These positions are open to male or female candidates. Please telephone for a Personal History Form to the relevant office, quoting the appropriate reference.

Retail Financial Control

c £25,000 plus car
London

Our client, a UK public company and acknowledged leader in the European casualwear market seeks a qualified accountant to undertake a key role in head office financial control.

The responsibilities include financial investigation, analysis and budgetary control for the group's subsidiaries in the retail and wholesale distribution activities. In addition you will develop and maintain effective management

reporting systems to ensure the efficient running of the business.

The position will suit a qualified accountant with solid experience of the retail trade and who can demonstrate strong management

reporting skills. Ideally around 30 years of age you will have the maturity and confidence to highlight and solve business problems.

In addition to the salary indicated,

there is a company car and the usual large company benefits.

Applicants should send a full CV quoting current salary and reference MCS/5102 to: Barrie Whitaker

Executive Selection
Price Waterhouse
Management Consultants
No. 1 London Bridge
London
SE1 9QL

Price Waterhouse

Appointments

Advertising

Appears on

Wednesday

and

Thursday

£47 s.c.c.

Premium Positions

£57 s.c.c.

Finance & Administration Director

Surrey

£30K - £35K + Bonus + Car

Our client is the UK subsidiary of a \$50m fee-generating US corporation in a specialist 'people training' niche market service industry.

The corporation commenced operations in 1979 and rapidly developed a strong international base throughout Europe, the Far East/Asia, and South America, with regular growth in excess of 30% per annum.

The UK operation was established in 1982, employs 22 people and is now generating some £10m in fees, from superb facilities based close to London.

As a result of their success and the rapidly growing environment, the UK operation has identified the need to appoint a Finance and Administration Director. Reporting to the Managing Director, you will be responsible for a small staff, a full finance function including monthly reporting to tight deadlines, forecasting

and planning, as well as full company administration.

The ability to contribute to the wider general business management and development of the company will be an important requirement of this position.

You will be a graduate accountant aged 30-35, with several years' industrial experience. This is very much a 'hands on' role and therefore a willingness to become involved in both the basics and the esoteric will be essential if you are to succeed. Personal qualities will include strength of character, presence and a high level of commitment with a relaxed easy style.

This represents an excellent opportunity to introduce your style and beliefs into a 'greenfield' finance environment.

If this appeals to you please submit your cv in application to: Wayne Thomas, Executive Division, Michael Page Partnership, Kingsbury House, 6 Sheet Street, Windsor SL4 1BG.

Michael Page Partnership

International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Financial Accountant

c.£25,000

Mappin & Webb, the prestigious jewellers wish to appoint a Financial Accountant to be responsible for the day-to-day running of the Financial Accounts Department. Reporting to the Financial Controller, and supervising seven people he/she will be responsible for the provision of financial information for the Company, preparation of statutory accounts, taxation and will take a leading role in the implementation of a new computer system.

Applicants should have at least two years post-qualification commercial experience in a supervisory capacity, a good working knowledge of company taxation and be computer literate. Retail sector experience would be an advantage.

In return we can offer an excellent salary and a generous range of Company benefits.

Please write, enclosing a C.V., to Miss D.M. Mooney, Group Personnel Manager, Mappin & Webb Ltd, 106 Regent Street, London, W1R 6JH.

Mappin & Webb

ARTHUR SHAW GROUP

FINANCE DIRECTOR

£35,000 + CAR + SHARE OPTIONS

We are a leading manufacturer of window furniture and allied products. This new post has been created to facilitate continuing expansion leading to a share marketing.

Applicants should be qualified accountants in early 30's and will be responsible for overall control of Group financial matters, including forecasting, reporting requirements, evaluating and advising on acquisitions and liaising with external advisors.

Following a short induction period at our West Midlands manufacturing centre the successful applicant will be based in London and will develop a supporting team.

If you have similar experience, organisational ability and are seeking an exciting and challenging opportunity with important responsibilities send your C.V. to A.P. Bearman Esq., F.C.A., A.T.1.1., 16 Wimpole Street, London W1M 8BH

YOUNG FINANCIAL CONTROLLER (DIRECTOR POTENTIAL)

27/35

North West

£20/22,000 + car + other benefits

Our client is growing very quickly through a dual policy of ambitious acquisitions linked to successful organic growth in both performance and profitability. The formula is working well, its roll-on turnover in the current year is already on course for £150m and the 3-year financial targets are now well within reach.

It is in this fast-moving, high-profile environment that an opportunity has arisen for a young qualified financial professional to prove their worth in a newly re-organised subsidiary. Its turnover is approaching £15m and it embraces three separate manufacturing businesses.

You will find the role that awaits you here wide-ranging and demanding. Early priorities will be to select and implement an upgraded computer system, to introduce more sophisticated reporting to each business unit, to review and retrain existing staff, and to enhance the present short-term and strategic forecasting capabilities.

With these initial challenges behind you, and with a strong No 2 in place to support you, you will be able to direct your energies to real 'financial management' - contributing substantially to the growth and profitability of the business units within your area. Reporting to the MD, you will play a full part in the senior executive team.

Important ingredients of success will be enthusiasm and energy, supported by a strong track record in a manufacturing environment. You will have excellent communication skills, demonstrable commercial awareness and the potential to become Financial Director within a short period of time. Further promotional prospects within this exciting PLC are also a real possibility.

Please contact Dudley Harrop or Lawrence Barnett at our Manchester Office quoting reference M884.

ASB
ASB RECRUITMENT LTD

Eagle Buildings, 64 Cross Street,
Manchester M2 4JQ Tel: 061-834 0618

Trident House, 31-33 Dale Street,
Liverpool L2 2HF Tel: 051-236 9373

Senior Financial Analyst

Texas Eastern North Sea, Inc., the UK subsidiary of a major US energy corporation, requires an experienced Financial Analyst for its London West End office.

In this role you will be responsible for the preparation and maintenance of long-term financial forecasts for UK and international exploration and production operations.

You will be a University graduate with a relevant degree, supported by a minimum of five years' direct involvement in computerised financial modelling for an international oil and gas company. A formal accounting qualification would be an advantage.

The successful candidate will have hands-on experience with long range financial forecasting models using both mainframe and personal computers. Also required is a sound knowledge of petroleum taxation and experience in the use of high level financial modelling languages.

The Company offers:-

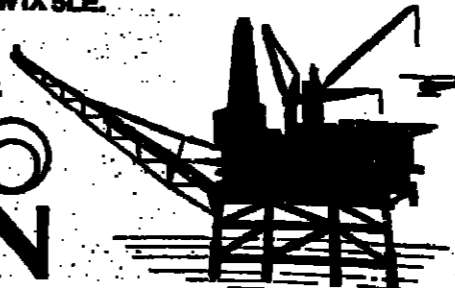
- An excellent work environment which encourages individual initiative as well as team participation.
- An attractive remuneration package which includes a highly competitive salary, company car, fully subsidised membership of BUPA and a non-contributory pension scheme.

If you have the required qualifications and experience coupled with good communication skills, initiative and ambition, please write with full CV to:

Miss I.D. Hasegood, Supervisor Personnel,
Texas Eastern North Sea, Inc.,
5th Floor, Berkeley Square House,
Berkeley Square, London W1X 5LE

Texas Eastern is an
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TEXAS EASTERN
North Sea, Inc.



Financial Manager for REVIEW

North London to £30,000 plus car

Review is a new concept in menswear, with 13 outlets selling an own-label range of clothes and accessories throughout the south-east. In line with high street developments, it is the current concept of a long established retail chain which has ambitious growth plans.

The company has created an excellent opportunity for a young qualified accountant to join the management team. The Financial Manager will report to the Managing Director and provide the financial input to management decisions.

The role will involve the production and further development of a detailed management information package, computer systems development, cash management and stock control. The position will oversee the activities of a small accounts department, the warehouse and the DP function.

Candidates should be young qualified accountants with a forward-looking approach. They should preferably have a retail background, and previous systems development and financial modelling experience will be required. Excellent communications skills are essential, and candidates should be able to establish themselves quickly as an important member of a small management team.

Please write in confidence, enclosing full career details, quoting reference SHA 1092, to Jane Woodward, at Stoy Hayward Associates, Executive Recruitment Division, 8 Baker Street, London W1M 1DA.



Stoy Hayward Associates
MANAGEMENT CONSULTANTS

A member of Horwath & Horwath International

SUSSEX COUNTY BUILDING SOCIETY FINANCIAL ACCOUNTANT

The Sussex County Building Society is a highly successful regional society which is taking every advantage of the new powers available to it under the 1986 Building Societies Act.

We require a newly qualified ACA or ACCA to control the Financial Accounting function and make a positive contribution to the continuing success of our rapidly developing business.

We offer an attractive salary plus benefits including Car, Concessionary Mortgage, BUPA, Pension Scheme and relocation expenses if required.

Please apply in writing, enclosing CV and stating current salary to:

Miss K M Brown, Personnel Manager,
Sussex County Building Society,
40/42 Friars Walk, Lewes, East Sussex BN7 2LW

Long Term Temporary Position

Qualified accountant required to work for a well known financial organisation in EC3. £21.00 P/H + perm. O/T.

Compliance £30,000

A firm of commodity brokers in EC2 require a compliance officer with a background in terminal markets/accountancy. This is a new and very interesting position offering excellent prospects.

Meridian Recruitment Consultants 01 255 1555

Financial Controller

Grand Metropolitan plc Manchester

The client is the growing division of Grand Metropolitan plc one of the top UK consumer groups. With a successful record to date that has made the organisation undeniably a major force within its sector an opportunity has now arisen to appoint a Financial Controller to head a highly motivated team of 30 staff and report directly to the Finance Director.

The role not only encompasses broad responsibilities for financial reporting, management information, analysis and planning but also requires a positive involvement and participation in commercial matters that will relate directly to the success of the business. Candidates should be qualified accountants, aged late 20's/early 30's, who have had experience of managing a finance function in a large environment with sophisticated systems.

Opportunities within the group are excellent and as such the successful candidate must be mobile, have the ability to progress and

accept further responsibilities. Enthusiasm with interpersonal skills and the energy to join a young team are vital. It is unlikely that relevant candidates will be earning less than £26,000 as this post commands an extremely attractive remuneration package including a car and full relocation benefits where appropriate. Please write or telephone enclosing a full resume quoting ref: 211 to:

Philip Cartwright FCMA,
97 Jermyn Street,
London SW1Y 6JE
Tel: 01-839 4572

**Cartwright
Hopkins**

FINANCIAL SELECTION AND SEARCH

Business Acquisitions & Review

West Yorkshire

£30k + Car + Benefits

Our client is a rapidly expanding £250 million U.K. based Group. A series of strategic acquisitions coupled with a substantial investment programme in existing operations have resulted in a growth rate which is exceptional.

The Group's expansion plans have created the need for a further individual to join a small highly professional team reporting directly to the Group Finance Director. Key features of the role are:

- The appraisal of potential acquisitions,
- Supporting the Finance Director in the actual negotiation of contract terms,
- Monitoring competitor activity and market trends,
- The review of existing businesses.

You will be qualified (A.C.A.), a graduate and in your late twenties/early thirties. Relevant experience may have been gained in an industrial/commercial

environment. Alternatively, the position may appeal to individuals wishing to move out of the profession.

The role demands strong communication/presentation skills, commercial awareness and a well-developed business sense. Career development prospects are excellent.

The remuneration package comprises a very competitive basic salary plus Group results related bonus. Other benefits include a fully expensed executive car, private medical insurance and pension/life assurance plans.

Please write, quoting ref. L8436, enclosing a full C.V. and salary details to: Stephen J. Broadhurst, Michael Page Partnership, Leigh House, 28-32 St. Paul's Street, Leeds LS1 2PX. (Tel: 0532 450212).



Michael Page Partnership

International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide

A member of Addison Consultancy Group PLC

Finance Manager - Systems

North West

up to £26,000 + car

Our client is a major group with an international reputation for quality, reliability and innovation. Its success reflects the utilisation of sophisticated design and production technology, major capital investment programmes and a policy of employing highly-skilled personnel.

This is a new position, reporting to the Financial Controller, set up to create a specialist group which will establish the direction of future financial information systems. The development and implementation of effective computer-based recording and reporting systems is a major task in enhancing the financial decision-making structure. This will involve working closely with senior finance staff, the company's main EDP department and other key managers.

Candidates should be graduates and qualified

accountants, who have specialised in financial systems development, preferably in a manufacturing environment using both mainframes and interactively-linked micros. Aged 28-40, they must demonstrate analytical skills and a fundamental appreciation of the end-user needs in a complex, high technology environment.

In addition to an attractive salary and benefits package, including car and relocation, the appointment offers longer term career development opportunities with a high profile plc, committed to excellence in its people and products.

Please write in confidence with full career, personal and salary details, quoting reference R.165 to: Darran Sewell, Corporate Resourcing, Arthur Young Management Consultants, Commercial Union House, Albert Square, Manchester M2 6LP.



Arthur Young Corporate Resourcing

MEMBER OF ARTHUR YOUNG INTERNATIONAL

YOUNG ACCOUNTANTS FOR MANAGEMENT

£24,000

Exciting management career opportunities with a dynamic industrial Group.

A premium is placed on new ideas and decisive action in this £420 million Group engaged in the manufacture, distribution and retailing of automotive and industrial components. There is an essentially young management team totally committed to the success of the Group.

Ideally you are a graduate ACA in a major accounting firm with a minimum of twelve months experience. Alternatively you may be in industry wishing to accelerate your career.

Initially you will join Management Audit and be involved in operational reviews of Group activities with an unusually high content of special projects.

These are key entrant roles into the Group and successful candidates can expect further progress within 12 months. More experienced candidates will be considered for an immediate management appointment.

The positions are based in Oxford. An attractive compensation package is offered including bonus, company car scheme, pension and re-location assistance.

To apply please write to: John Paul, Harding Management Consultants Ltd, 2 Queens Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP or telephone him on 01-222 7733.

Harding

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APPOINTMENTS ADVERTISING

For further information
call 01-248 8000

Tessa Taylor
ext 3351

Deirdre Venables
ext 4177

Paul Maraviglia
ext 4676

Elizabeth Rowan
ext 3456

Patrick Williams
ext 3694

Finance Director (Designate)

North East

to £25,000 + Car

Our client is a highly successful, rapidly expanding national chain of opticians with an established reputation for innovation and quality of care. Its recent record of growth both organically and through acquisition has been outstanding.

This growth necessitates the appointment of a Financial Controller who, reporting to the Managing Director, will assume full responsibility for the finance and data processing functions, with particular emphasis on the further development of the Company's management information systems. The successful applicant will also be expected to input significantly to strategic business planning and the overall commercial

management of the company.

Candidates, aged 28-35, will be qualified accountants (ACA, CACA, CIMA) who can demonstrate strong management ability and well developed inter-personal skills preferably gained in a retail/marketing environment, who have the necessary entrepreneurial flair to make a positive contribution to the future success of the company. A board appointment is envisaged in the medium term.

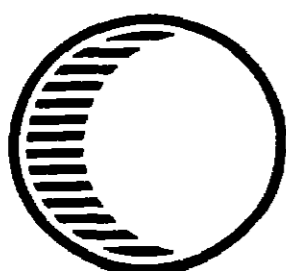
Interested applicants should write to Angela McDermott, quoting ref: L8433, at Michael Page Partnership, Leigh House, 28-32 St Paul's Street, Leeds LS1 2PX. (Tel: 091 273 3877 or 0532 450212).



Michael Page Partnership

International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide



CENTRAL

**Financial
Controller**

Birmingham

c £35,000, Car, Benefits

Central Independent TV plc is the largest seven-day ITV contractor in the UK and has a reputation in the industry founded on a series of award-winning programmes. The future of the corporation is equally exciting. Change shaped by increasing competition, new technologies and public attitudes must be met with a responsive management style and the high profile involvement of the finance function in this process will be a major factor in future success.

The Financial Controller will play a key role in meeting this challenge. Reporting directly to the Finance Director and heading a department of 68, the successful candidate will have a minimum of 5-7 years post qualification experience and a track record within an operational financial function of a medium to large organisation where good quality, speedy and relevant information is an important management tool. The ability to initiate and manage change in an environment where a mature and considered approach is paramount and communication skills beyond the financial function are prerequisites.

For a practical accountant of proven managerial excellence and demonstrable commercial capabilities, this is an outstanding opportunity in which performance will be matched by reward.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to: R.J. Arnold, Hoggett Bowers plc, 13 Frederick Road, Edgbaston, BIRMINGHAM, B15 1JD, 021 455 7575, quoting Ref B17046/FT.

Hoggett Bowers

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SGB - EXPANSION '88

We are the largest and most successful supplier of specialised access services and equipment to the construction industry. We employ around 4,000 people and our continuing expansion gives rise to the following opportunities for qualified CAs/CIMAs:-

Financial Controller Channel Islands

Reporting to the M.D. to take control of our locally based operating company, a "hands-on" approach is needed as is some familiarity with micro-computer systems. Ideally under 40, accommodation is available.

Financial Controller South London

Reporting to the General Manager, to maintain existing accounting systems and implement computer usage for a recently acquired group of specialist contracting companies with a joint T/O c.£5m. A willingness for more general management involvement is required.

Systems Accountant Head Office (near Sutton, Surrey)

Will provide advice and support services to central Departments and the national Depot

network where distributed computing is to be further introduced - will work closely with the MIS Department and initially accounting users to implement major on line systems already specified.

International Accountant Head Office

Reporting to the General Manager, to set up and administer the accounting function for the newly established independent finance function of the International Division, mainly dealing with the Middle East and Europe - U.K. based with some overseas travel.

Management Accountants Head Office

Either for the central Stock and Costing or Financial Accounting Departments - computer systems and/or P.C. experience desirable - newly qualified or possibly finalist. For all the above posts, salary is negotiable and there is an excellent benefit package including in most cases a company car.



Please telephone Gary Riggs, Personnel Manager on 01-648 3400 Extn. 3374, for an informal discussion, or forward your c.v. including current salary to:- SGB plc, 23 Willow Lane, Mitham, Surrey CR4 4TD.

CHIEF ACCOUNTANT Surrey

MORFAX is a well established, high precision mechanical engineering manufacturing company, widely involved in the defence, nuclear and aerospace industries. The Company seeks to fill this key position: reporting to the Financial Director, and capable of progressing to Financial Controller, candidates should be Chartered Accountants, with at least five years post qualification, and preferably with experience in engineering, contracting or manufacturing, and taxation.

The package includes a negotiable salary circa £20,000, a fully maintained Company car, 25 days annual holiday, non-contributory pension and life assurance, and private medical insurance. Age: probably between 30-40 years.

Applicants interested in this challenging opportunity should apply in the first instance to:-

Mrs M Butson, Personnel Department
Morfax Limited, Willow Lane,
Mitham, Surrey CR4 4TD
Telephone: 01-648 7040

FINANCIAL CONTROLLER

Director Designate

£30,000 + car

West London

JPW

Recruitment Advertising

Our client is the U.K. subsidiary of a major U.S. Corporation. They are building a strong and dynamic team to take them into the 1990's and are looking for a Financial Controller who will be able to replace the current Financial Director within the next two years.

Probably in their late twenties/early thirties, candidates will not only be qualified with an excellent track record in financial management, but also business people of a very high calibre. Good interpersonal skills are essential as is the ability to accept responsibility within a corporate structure and get involved with all aspects of the accounting function. Experience of working within a U.S. Company would be helpful.

Salary is up to £30k plus car and an excellent benefit package.

Candidates should apply quoting ref 895, in strict confidence, listing any companies to whom applications should not be forwarded, to: JFW Recruitment Advertising Ltd, Chancery House, 53-64 Chancery Lane, London WC2A 1QX.

JOHN SWIRE & SONS LIMITED

CORPORATE TAX

This major international Group is seeking a tax orientated accountant for this varied and interesting appointment at its Head office, which is relocating to the Victoria area in June.

The successful applicant will need to have some tax experience and the character, ability and perception to fit in effectively with a small head office team. Primarily a U.K. role, but with some exposure to the Group's international operations, the responsibilities cover with ad hoc projects, which could require some travel.

A competitive salary, commensurate with age and experience, plus a car is offered. The Company operates a subsidised mortgage scheme, a bonus scheme and provides excellent pension benefits.

Write in confidence to:-

J.C. Brodie, Personnel Manager, John Swire & Sons Ltd, Regis House, 43-44, King William Street, London EC4R 9BE.

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Entrepreneurial F. D.

S.Wales c£40,000 + Equity Opportunities



We have been asked by an industrial group headquartered in South Wales to seek out an entrepreneurial CA to join a small management team whose prime function will be growing the Group through acquisition and profit turnaround. The new Finance Director will have three main tasks: seek out and/or assess acquisition opportunities; go into newly acquired subsidiaries to analyse requirements and implement changes; and monitor subsequent progress of these subsidiaries through functional management of their finance director and the normal reporting processes.

We would like to hear from those fitted by experience and temperament for this role. Required attributes will include a highly developed commercial sense, experience of acquisitions and disposals, financial management experience in manufacturing companies at shop floor and group level and a willingness to work round the clock and travel anywhere in the UK. Good City contacts would be valuable. The personal returns should be considerable. Besides normal benefits, base salary plus profit share should yield £50,000 in the first year and a successful appointee will have opportunities to acquire equity that could be worth £1m in 4-5 years.

Apply in confidence enclosing CV to Humphrey Sturt, quoting reference number HS 884.

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Executive Selection

Coopers & Lybrand
Executive Selection Limited

Shelley House 3 Noble Street
London EC2V 7DQ



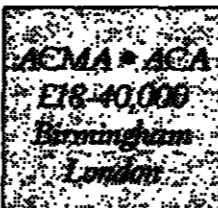
"I wanted an accounting environment where my manufacturing background would be more challenged and recognised"

Deloitte Haskins & Sells is one of the UK's foremost names in management consultancy. Nowhere is our record of success and consistent growth more evident than in our Manufacturing Systems Group. We provide systems and solutions to a wider range of businesses than ever before in the manufacturing sector, and we now need more dynamic Senior Accountants, men or women aged between 27 and 37, to strengthen the team.

Join us as a Management Consultant and we'll give you challenging projects which will test your ability to deal with clients at every level, from shop floor to MD. We'll give you the freedom to develop and implement your own ideas, and raise your profile within an excellent peer group. Above all, we'll recognise your solid record of achievement and quickly turn it into significant career progression.

With a good degree and accounting qualification, you will have gained your on site experience of manufacturing in a £20 million+ environment.

However, good manufacturing experience gained with a consultancy or major accounting firm would also be considered. Whatever your background, a thorough knowledge of cost and management accounting is essential.



Equally important are the personal qualities you display. Flexibility. Confidence. Outstanding communication skills, both verbally and in writing. The ability to get to the heart of a problem amid a mass of conflicting detail, working under pressure and to tight deadlines.

If you're the highly motivated and ambitious self-starter we're looking for, we'll reward you with a starting salary of £18 - 40,000 plus car and a generous range of benefits. Find out more about the advantages of a consultancy career with Deloitte Haskins & Sells. Write, giving full personal and career details, to Jo Greaves at the address below, quoting reference 3099/ET on both envelope and letter.

Deloitte Haskins + Sells

Management Consultancy Division
Edmund House, 18-22 Newhall Street, Birmingham B3 3DX

Knight Ridder Unicom

A subsidiary of a major U.S. media group, has rapidly expanding international operations in some thirty countries. It provides clients with real time financial data via a worldwide communication network.

Reporting to the Financial Controller, the wide-ranging responsibilities will include the co-ordination of UK reporting, and the management and further development of computerised information systems. Career prospects within this growing company are excellent.

The successful candidate will be an ambitious qualified accountant, probably aged around 28, with a background of working to tight deadlines in a well controlled organisation.

Previous involvement with computerised systems is essential and experience of micro computer modelling techniques is highly desirable.

Personal skills must include a positive approach, determination, initiative and the ability to communicate at all levels.

Please reply to Lesley Bowden on 353 4861 Ext 239 in strict confidence with details of age, career and salary progression, education and qualifications.

FINANCE DIRECTOR

North London c.£35,000 + car

Our client, a leader in the retail of bridal and men's formal wear, has a turnover of around £20 million and has recently been the subject of an acquisition.

The finance director who is now being sought will work closely with the managing director in the expansion of the business, and there will be a strong emphasis on the improvement and development of management information and the computerised systems.

Applicants, preferably around 35 should be qualified accountants with commercial experience in a retail and distribution business. Experience of staff and computer development is essential as is some degree of general management involvement.

Please send personal and career details to Carrie Andrews quoting reference F/198/A.

EW Ernst & Whinney

Executive Recruitment Services

Becket House, 1 Lambeth Palace Road, London SE1 7EU.

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Positions

£57 s.c.c.

Commercial Accountant

In the five years or more since you qualified, you have gained an in-depth knowledge of financial and management accounting, working in a computerised environment on sophisticated financial and budgetary control procedures.

At the same time, you have demonstrated your considerable talents in man management and communication at a senior level, pushing your career ahead at a pace faster than the average. You are still ambitious and ready for real challenges.

The new position we have created at the Automobile Association should more than fulfil your ambitions. Because as Regional Accountant for our South East region, you will be responsible for providing a comprehensive financial and management advisory service to senior management and for controlling income and costs in excess of £50 million per annum.

This will include the management of the accounting function, the co-ordination of the financial activities of all staff within the region and liaison with business accountants on regional finance support.

You will travel regularly, meet a wide range of management and staff and have excellent career prospects in a fast growing and diversified service industry.

The scope and responsibility of this post means that we are prepared to offer a salary of c£25,000 together with a company car and a generous benefits package that could include relocation expenses.

To apply, please send your cv to: The Manager, Management Recruitment, at the address below or telephone (0256) 483071 for an application form.



THE AUTOMOBILE ASSOCIATION, FANUM HOUSE, BASING VIEW, BASINGSTOKE, HAMPSHIRE RG21 2EA.

GROUP MANAGEMENT ACCOUNTANT

City

To £28,000 + Car

Our client is one of the world's largest financial services groups. Internal re-organisation has created this challenging opportunity for a qualified accountant with experience in the use and development of large scale Management Information Systems.

Your principal responsibility will be the control, production, analysis and interpretation of group management accounts together with their further development. Liaising closely with the financial directors and controllers of operating groups and companies, you will develop greater integration of group financial and management accounting systems.

Suitable applicants must have at least three years line management experience within a large organisation, including the control of project implementation. An understanding of management information problems and the ability to develop and maintain improved systems are critical to the success of this role.

To apply for this or other similar opportunities, please write with full c.v. to:- Jeremy Lancaster, Probe Executive Selection, 58 Houndsditch, London EC3A 7DL or telephone 01-283 8787.

PROBE EXECUTIVE SELECTION
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Banking Recruitment Consultants

NEW COMPLIANCE ROLES - CITY CHARTERED ACCOUNTANTS

COMPLIANCE EXECUTIVE

£30,000

As A-day approaches the London branch of a well known international bank is about to concentrate its responsibilities for implementing the new legislation around a new position of Compliance Executive.

They will give preference to candidates who are Chartered Accountants with at least three to five years post qualification experience, some of it in banking. As well as compliance this role will also take control of all accounting and reporting procedures for the bank.

Please contact David Little

COMPLIANCE OFFICER

£22,000

Reporting to the Chief Accountant of a major European bank, this position will share responsibility for the setting up of the new controls and statutory reporting as well as special management information projects.

This is a new position offering excellent opportunities to a recently qualified accountant with some banking and auditing experience.

Ridgway House 41/42 King William Street London EC4R 9EN
Telephone 01-626 1161

GRENADA DEVELOPMENT BANK JOB VACANCY SENIOR ACCOUNTANT

Applications are invited from suitably qualified persons to fill the post of Senior Accountant within the Grenada Development Bank. Duties will include the overall supervision of the Accounting Division, the preparation of monthly Financial Statements and other Management Information as requested by the Manager periodically, the preparation of Budgets, Financial Projections and Analysis. The successful candidate must be able to work to strict deadlines. Knowledge and experience of introducing Management Information Systems would be an advantage.

The Bank is looking preferably for someone with a mature and professional approach to the job, with good supervisory skills.

QUALIFICATIONS

Applicants should be qualified Accountants, preferably ACA, ACCA, ACMA, CPA or other recognised Accounting qualifications acceptable to the Bank. Applicants are expected to have at least five years experience, although persons with less than five years may apply.

SALARY

Salary will be negotiable according to qualifications and experience. Applicants should write giving full details of their qualifications and experience to:

The Manager, Grenada Development Bank,
Halifax Street, St. George's, Grenada, West Indies
Closing Date: Thursday 31st March, 1988

FINANCE DIRECTOR

West London £40,000 + Car + Share Options

In just over ten years this independent distribution company has become a major name in its sector. It plans to double its present T/O of £20m within the next three years, and capture a further significant share of its market.

Reporting to the chairman this appointment offers an exciting and challenging opportunity to fully develop and broaden the role of Finance Director within a small management team. Prospects for the company are exceptional and offer the successful candidate the opportunity for a broader management role in the future.

Aged mid 30's you should be qualified, with relevant commercial experience, able to respond quickly to the needs of a fast moving, high volume business and adopt when necessary a common sense "shirt sleeves" approach.

In addition to a highly basic salary, remuneration includes profit related bonus, fully expensed executive car and share options.

Please telephone 01-541 5580 and ask for Robin Rotherham or if impracticable send your C.V. to him quoting Ref: 4128 to:

Accountancy OPTIONS

6-8 Thames Street, Kingston-upon-Thames, Surrey KT1 1PE.

Accountant

Your skills and commitment...
...Our growth and success

To support the growth of its Capital Markets and Trading Division, Elders Finance Group is seeking to recruit an additional Accountant to join an existing team.

The role will provide a hands on accounting service to a number of the product areas, particularly options. The aim is to contribute to the performance of the product area with accurate and appropriate data.

Relevant experience is essential and the ideal candidate will have had exposure to a busy dealing environment. The ability to respond to the inevitable time pressures imposed by a fast moving market will be a major factor in the success of this role.

Remuneration and benefits will reflect the importance of this position and career prospects are significant in a rapidly expanding organisation.

Applications to include a full C.V. should be forwarded to the Personnel Manager, UK/Europe, Elders Finance Group Ltd., 73 Cornhill, London EC3V 3QG.



ELDERS FINANCE GROUP
UK LIMITED

Financial Controller

West Home Counties c£33,000 + substantial bonus + car

The authority of this position is that of a Financial Director. Only the title is different.

The company, a £15 million turnover UK subsidiary of a large and prestigious US multinational, manufactures a range of health care products, principally for the hospital sector in UK, Europe and Scandinavia. Growth has been achieved both organically and by acquisition.

Reporting to the Company General Manager, the person appointed will be a member of the senior management team, fully responsible for the finance function and supported by a sizeable department. A key objective is to raise the role of this function from that of a competent accounts department to a proactive and essential influence in the direction and development of the company.

Candidates in their 30s/early 40s and qualified, must have performed successfully in line financial management at a responsible level, showing techniques in tight financial control combined with strong commercial skills and leadership qualities. Experience within manufacturing industry is desirable and exposure to US procedures would be ideal.

Prospects, within the company and the parent group, are excellent. Interested applicants (male or female) should send a detailed CV or telephone for an application form quoting reference 1344/FT.

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Search and Selection; Management Development
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SENIOR ACCOUNTANT

Pension Fund Investment

Holborn up to £23,490

The British Gas Staff and British Gas Corporation Pension Schemes are among the most substantial funds operating in the UK and managing them demands the widest possible professional, commercial and administrative experience.

As Senior Accountant you will be responsible for maintaining records for all the Scheme's subsidiary companies and for preparing annual accounts and consolidated figures and valuations for inclusion in the Annual Accounts of the Scheme. You will be dealing with the accounting aspects of virtually any new enterprise or undertaking and the proper control of funds valued at many £millions.

You must be a qualified accountant with a minimum of 7 years' experience which must include practical experience of dealing with the taxation of corporations in the UK and on-line computer systems. A knowledge of stock market procedures and terminology is desirable. However, the key personal

attributes are self-reliance and common sense, and the ability to rapidly absorb the intricacies of such a complex function.

In addition to a salary in the range £20,705-£23,490 you can expect a range of benefits in keeping with a major blue-chip company.

For an application form please write quoting reference FIN/00287/009/FT, to Heather Rodgers, Recruitment Administration, British Gas plc, 59 Bryanston Street, London W1A 2AZ, or telephone 01-723 7030 ext. 1267. Closing date for receipt of applications 31 March 1988.

An equal opportunity employer

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Shearwater Property Holdings Plc

£500M RETAIL AND URBAN DEVELOPMENT PROGRAMME

FINANCE DIRECTOR

London W1

Your Role: Assume responsibility for finance, accounting, tax and company secretarial functions • Develop financial reporting systems • Implement project accounting • Provide strategic financial advice to the Managing Director and your Board colleagues • Enhance corporate relationships with financial institutions • Assist in negotiations for new retail schemes.

Shearwater: A recognised innovative force ranking among the leaders in retail property development • Undertakes major town centre and out-of-town schemes — as direct developer or in partnership or in joint-venture with blue-chip commercial organisations • Member of a most respected UK property investment development group.

Your Opportunity: An Executive Director leading a small finance and accounting team within a dynamic company environment • Fully responsible for up-to-date financial and management accounting systems and statutory accounts • Close liaison with the Group Financial Directorate • Direct input to major feasibility studies and funding submissions.



Shearwater is a member of the Roscham Plc Group of Companies

c £40,000 (Negotiable) + Benefits Package

Our Ideal Candidate: Well-qualified Accountant • Successful track record operating preferably within a major property company, property subsidiary of a financial services group, or within a respected practice • Proven taxation experience in property development • Strong financial planning varied in development/construction processes • Literate in EDP/computerised systems • Able to plan, present and negotiate funding and joint-venture agreements • Preferred age — 30-40 years.

Remuneration Package: An excellent basic salary + profit sharing + generous portable pension + Life Assurance + PHI + Health Care + quality executive car + relocation allowance — befitting the seniority of this appointment.

To Learn More: Please telephone or write, in complete confidence to the Company's retained adviser, John G. W. Gelling MA, MBA (Director) on 01-388 2051 (10 lines). Merton Associates (Consultants) Limited, Merton House, 70 Grafton Way, London W1P 5LE.

Group Financial Controller

Thames Valley

£24,000 + Car and Benefits

Our client is a fast growing quoted group of companies engaged in electronics and systems manufacturing for defence and industrial applications with a turnover of around £20 million.

Reporting to the Group Finance Director, the Group Financial Controller will be responsible for:

- production of monthly management information
- managing the accounting department
- development of group financial reporting and costing systems
- problem-solving in subsidiary companies
- ad hoc investigations

Candidates should be qualified accountants with a history of progressively responsible positions in industrial companies.

If you believe you have the experience and drive required for this important position, please send a brief CV including your day time telephone number to Steve McBride.

ROBSON RHODES

Chartered Accountants

Management Consultancy Division,
186 City Road, London, EC1V 2NU.

FINANCIAL CONTROLLER

c £27,000 + CAR

Based in Croydon FX International Limited is a recently formed company in the computer industry. Rapid sales growth and expanding sales in United States have created this position which requires an aggressive management style and commitment to team work and growth.

We are seeking a fully qualified accountant with 5-10 years experience in a commercial environment. The successful candidate will be a key member of the management team and will take an active role in the decision making process. This individual will assume responsibility for all facets of financial management including general accounting, treasury and investor relations. Strong communication skills and a working knowledge of computerised accounting systems is essential.

Candidates should apply in writing giving full CVs to:
A Jurkonis, FX International,
14 Imperial Way, Croydon Surrey CR0 4RR

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Hull, HU1 2EA
Tel: 0482 258955

FINANCIAL DIRECTOR

£ Negotiable + Car

Hull
Croda Universal, one of the largest autonomous divisions within Croda International requires the services of a first class Financial Director to head up its active finance function, covering sites both at Hull and at Leek in Staffordshire.

You will be primarily responsible for the control of all accounting staff, overseeing the further development of the accounting function and be expected to contribute invaluable experience within the sphere of financial, management and cost accounting.

As a qualified ACA/CMA/ACCA your technical skills should be exceptional and knowledge of the process chemical industry, together with currency transaction experience, would be advantageous. Why not contact us now for a further discussion?



GROUP MANAGEMENT ACCOUNTANT

Spalding £ Attractive Package

Geest, the UK market leader in the supply of fresh produce, is continuing to extend its market leadership following its highly successful stock market flotation.

With group turnover in excess of £400m and a continuing high level of business activity, an excellent opportunity exists for young, commercially aware accountants capable of analysing the results of existing businesses, preparing meaningful appraisals for board consideration and undertaking a number of ad-hoc investigations. This challenging position is a definite springboard to further promotion. To find out more about a progressive career in an area of attractively priced housing, contact us now.

For further details, please contact:
Accountancy Personnel,
2/4 Listergate,
Nottingham NG1 7DD
Tel: 0602 582339



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RECENTLY QUALIFIED ACCOUNTANT

to £23,000 + Car + Benefits

Aldershot
Expansion by growth and acquisition together with their plans for the future has led AVX to progressive electronics group to create a high profile role with excellent career development potential.

An already qualified accountant with commercial bias and effective communication skills will be coordinating and planning the financial activities of operating units in the UK, France and Germany (approx 25% travel). In addition you will take part in acquisitions, new product development, management information systems.

Equipped with a thorough knowledge of the group you will be perfectly placed for further progression.

For further details, please contact:
Accountancy Personnel,
2/4 Listergate,
Nottingham NG1 7DD
Tel: 0602 582339



For further details, please contact:
Accountancy Personnel,
Bristol & West House,
10 Regent Circus,
Swindon SN1 1PP
Tel: 0783 612211

WILTSHIRE

The Company
Coopers (Wiltshire) Limited is the major operating division of the Coopers Holdings Limited Group, the largest metal reclamation and processor in the UK. Since 1982 turnover has grown from £57m to over £125m p.a., including worldwide exports. Recently the group has invested in a major computer system to link all depots to a central database to produce a comprehensive trading, accounting and management information system. This project, due for completion in 1988, will provide a platform for further expansion through organic growth and acquisitions.

SYSTEMS ACCOUNTANT

£16,000 - £20,000 Negotiable
The implementation of the final stage of the project calls for an accountant with experience of complex systems to plan the introduction, training and testing alongside the project leader.

The position reports directly to the Financial Controller.



For further details, please contact:
Accountancy Personnel,
49 King Street,
Manchester M2 7AY
Tel: 061 834 9733

CHIEF MANAGEMENT ACCOUNTANT

c £19,000

South Manchester
Ferranti Computer Systems Ltd., part of the Ferranti International Group, is amongst the world leaders in the design of specialist computer systems for a wide range of commercial and military applications.

Due to continued expansion, the company now seeks an experienced Qualified Management Accountant, ideally with experience of Ministry of Defence contracts to take full responsibility for Management Accounting Information for this £70 million turnover division.

In addition to the attractive salary, the company can offer good opportunities for career development.



COMPUTER AUDIT MANAGER

Sussex to £25,000 + Package

Sussex
This prominent, successful group of companies offering a comprehensive range of services in the financial field whose dynamic growth has resulted from a series of energetic and innovative product development, can now offer a gilt edged opportunity for an experienced computer auditor.

Reporting to the Senior Audit Manager, the primary functions of this key role will be overseeing the audit and development of the substantial IBM systems, organisation of resources, review of performance and setting of objectives for the team.

The ideal candidate will be equipped with excellent communication and management skills, and able to demonstrate a proven track record in a similar field. An impressive benefits package is offered including mortgage assistance.

For further details, please contact:
Accountancy Personnel,
40 The Broadway,
Crawley,
West Sussex, RH10 1HG
Tel: 0283 551861



Rockwell International

FINANCIAL CONTROLLER circa £24K Plus Benefits
An outstanding opportunity has arisen for a Financial Controller within this highly successful multi-national group.

The subsidiary, based in the rural South Midlands, is the U.K. manufacturing facility for Rockwell's European Axle and Brake business.

Reporting directly to the Managing Director, the Financial Controller will play a leading role in the strategic planning and development of this fast growing company, and ensure that the reporting and accounting systems are able to meet the present and future demands of our changing business environment.

The person appointed will be a graduate, and/or a qualified accountant aged 30 - 35 with a proven track record in an automotive or volume engineering business.

Please write or telephone enclosing a full CV to:
B.J. Wise, Personnel Director, Rockwell-Maudslay Division, Rockwell Automotive (UK) Ltd, Alcester, Warwickshire B48 6HT. Tel: 0789 764123

B.A.A. Heathrow Manager APPRAISAL AND PROJECT ACCOUNTING

c£25,000 + car

Heathrow is the world's premier international airport, having a trading profit of around £60m and being an integral part of BAA plc. Site development and associated business expansion have been rapid over recent years and the finance function is seeking to complete its senior management structure now to face the challenge of the 1990's.

The post reports to the Finance Director and requires a highly professional finance executive to take responsibility for financial and post audit appraisals, developing and updating project accounting systems, preparing capital budgets, forecasts and plans, and monitoring project performance. Other important work will include taxation, insurance, fixed assets and other

financial management matters as well as supervising 17 staff.

Candidates, male or female, must be qualified accountants aged probably in their early 30's certainly with three years' post qualification experience in a progressive, financial accounting environment. This is an ideal opportunity for an ambitious accountant to make a significant contribution to a major British organisation where career prospects are excellent.

The salary includes a bonus element and benefits include a car and free parking facilities.

Please reply, enclosing full career details, to Michael Hann, Bull Thompson and Associates Ltd., 63 St. Martin's Lane, London, WC2N 4JX quoting Ref No 1424.

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GROUP ACCOUNTING

C. London

c£23,000

Our client is a major force in one of the country's fastest changing industries. It is planning to become a public company before the end of 1989. Current turnover is over £300m.

Following a recent promotion a young Chartered Accountant is required to fulfil an important role at the head office. Ideally, in your mid 20s you should be familiar with large company reporting and have an up to date knowledge of accounting requirements.

This is an unusual role which provides unique experience that will be invaluable either in the group or elsewhere. Group reporting needs to be formalised, operating companies require advice and guidance and the structure of the group with constantly changing subsidiaries causes complex technical problems. As well as special exercises there is an element of routine that includes cash control and management and financial accounting.

This is a career move - success will provide tangible results. A comprehensive range of fringe benefits is offered by this high profile company.

Please write, enclosing a full career/salary history and daytime telephone number, to John P. Sleigh FCCA quoting reference J/701/GF

LLOYD MANAGEMENT Selection Consultants 125 High Holborn London WC1V 6QA 01-405 3499

LLOYD MANAGEMENT

Young Financial Controller

Attractive Negotiable Salary + Car Birmingham

Our client, a member of one of Britain's leading blue chip organisations has recently consolidated the activities of a number of its member companies into a new operating division. This has created considerable opportunity and business potential.

Currently the division's turnover is £60m, but there is considerable scope for significant growth. Part of this expansion will stem from identifying new opportunities, seeking acquisitions and generally streamlining activities.

As part of the division's management team, and working very closely with the Managing Director, the specific duties of the Financial Controller will include the analysis and presentation of financial information, investigations and project work associated with potential acquisitions and acting in

the capacity of part-time accountant to one of the operating companies.

Probably in the age range 28-35 and a qualified accountant with at least 5 years' experience ideally gained in commerce or industry. Sound analytical and administrative abilities should be backed by strong interpersonal skills.

The rewards package includes an excellent range of benefits, not least of which is the enormous career potential within the division and throughout the parent organisation.

Interested? Please telephone Barrie Witt on 021-456 1385 (office hours) or 06845 66477 (evenings) or write with full CV quoting Ref. LS 716 to Austin Knight Selection, Tricorn House, 51-53 Hagley Road, Edgbaston, Birmingham B16 8TP.

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Knight
Selection**

Financial Accounting Manager

Loughborough

Based in Loughborough, the Pharmaceutical Division of Fisons plc has an impressive growth and profit record and is committed to further international expansion through organic growth and selective acquisitions. This key appointment requires a qualified Accountant who can provide a highly professional international financial reporting and control service - particularly the preparation and presentation of the division's budgets for submission to the Group and the co-ordination and management of the Division's assets.

The ideal candidate will be 25/35, fully qualified and, ideally, a graduate. Proven experience in all aspects of financial accounting and in the development of computerised systems is essential together with the confidence and personality needed to liaise at the highest level. Previous man-management experience would be an advantage.

As you would expect from a company engaged in the rapidly changing, dynamic growth industry of pharmaceuticals, prospects for personal and career development are excellent.

Salary will attract high calibre candidates and the comprehensive benefits include relocation assistance where appropriate.

For an application form, please contact: Christine Audas, Personnel Officer, Fisons plc - Pharmaceutical Division, 12 Derby Road, Loughborough, Leicestershire LE11 0BB.

TEL (0509) 611001.

FISONS
Pharmaceuticals

FINANCE
MANAGER
c£30,000 + Car
City

Highly profitable international market leader wishes to appoint a qualified accountant, aged 30-35, in this challenging, senior position. Front-line operational experience gained in a manufacturing or industrial environment is essential. Business planning, reporting and analysis and operational review are included in the specification. Ref: AC.214

CORPORATE
FINANCE
IN £27,000
City

Exciting opportunity for young Chartered Accountant in the corporate finance arm of a leading US bank. Working in a small team you will be responsible for investigating potential floatations, mergers and acquisitions as well as dealing with client liaison. Outstanding prospects. Ref: JPB.32

GROUP
FINANCE
c£26,000
C.London

Prestigious advanced technology group offers influential role to ambitious and personable graduate ACA aged 25-30. This challenging role will embrace group reporting, financial analysis, systems development and project management. A high level of personal commitment together with technical flair will ensure rapid career development. Ref: MJH.319

RECENTLY
QUALIFIED
IN £25,000 + Mile
C.London

Major international bank currently has an excellent opportunity for a young recently qualified accountant. As systems accountant your primary responsibility will be systems implementation, plus various special projects. Prospects are outstanding for ambitious, team-orientated individuals, eager to build a career in the financial sector. Ref: AC.267

BUSINESS
REVIEW
c£24,000 + Car
London

Our client is a fast expanding industrial group which now requires a young Chartered Accountant to join a high calibre team. Responsibilities include systems review, post acquisition studies and investigations. A senior line financial appointment will follow in the medium term. Ref: AN.101

LINE
MANAGEMENT
c£23,000
London

Blue-chip multinational seeks a recently qualified accountant wishing to gain staff responsibility. Head Office based, your duties will include profit plans, forecasts and monthly reports. Computer literacy is essential as the successful applicant will be involved in the development and enhancement of computer systems. Ref: JL.348

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FINANCIAL CONTROLLER London SW19

REMUNERATION £25-30,000

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Financial Director

Financial Services Sector
North West, c £40,000,
Profit Share, Car

Established in 1926, this highly respected group offers the most comprehensive, professional credit management services throughout the UK and Ireland and is a market leader in many of its services in a growth sector of the economy.

In the past three years they have more than tripled their size by acquisition and organic growth and the success story is continuing. Reporting to the Managing Director, the position encompasses all aspects of a senior financial position. Equally important is the ability to play a major part in the management team, contributing to corporate strategy development, acquisition reviews and implementation of effective computerised information systems.

Candidates will be aged 30/40, Chartered Accountants and must have at least five years relevant and successful experience in a senior financial role in a competitive and fast moving commercial environment. Good career prospects and excellent benefits, in line with a leading commercial company, including relocation assistance where necessary, will be offered to the right candidate.

S.A. Liewens, Ref: M13052/FT. Male or female candidates should telephone in confidence for a Personal History Form, 061-832 3500, Hoggett Bowers plc, St. James's Court, 30 Brown Street, MANCHESTER, M2 2JF.

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Operations Analyst - Leisure Newly/Recently Qualified Accountant

Central London £22,000 + Car

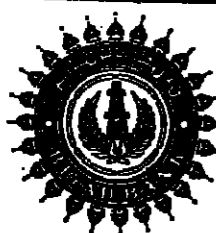
Report to the Operations Director of this highly acquisitive British Leisure company. Following a profit increase in excess of 75% in 1987, this £multi million group now offers a superb opportunity to a newly/recently qualified accountant.

The successful candidate will take responsibility for identification of new business options, feasibility studies and investment proposals whilst monitoring capital expenditure and systems development.

Candidates keen to make an immediate contribution to key management decisions, aged 23-27 and ACA/ACCA/ACMA can achieve Operational Controlship within 2 years.

Please contact ANDREW LIVESLEY Ref. 4538. ALDERWICK PEACHELL AND PARTNERS LTD., Financial and Accountancy Recruitment, 125 High Holborn, London WC1V 6QA Tel: 01-404 3155.

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RIYAD BANK

Riyad Bank, one of the largest and most prominent Banks in the Middle East is offering an outstanding opportunity to qualified Bankers for the following jobs:

International Investment Manager

In this new position, the candidate will organize, plan and further develop present investment activities. The candidate will monitor and review performance of the external investment managers of the Bank and may play an active role in the management of Fixed Income Securities.

The position demands a creative all around individual with strong leadership skills and sound experience of investment management acquired with a substantial fund management company.

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Corporate Marketing Officers

For these positions, potential candidates will work in Assigned Regional Corporate Groups.

As part of a growing team of specialists, the officers' responsibilities will be to sustain, develop and solicit relationships with major marketing and institutional clients. Successful candidates, therefore, should have been trained in financial and project analysis and should have actively participated in the delivery of all traditional wholesale banking products and services.

Degree from a reputable university in a relevant academic discipline, together with proven career success, to date, are necessary qualifications for the position, as is a minimum (5) years spent in a major Commercial Bank, of which at least the last (3) years should have been spent in an Account Officer capacity.

Manager — Customer Services

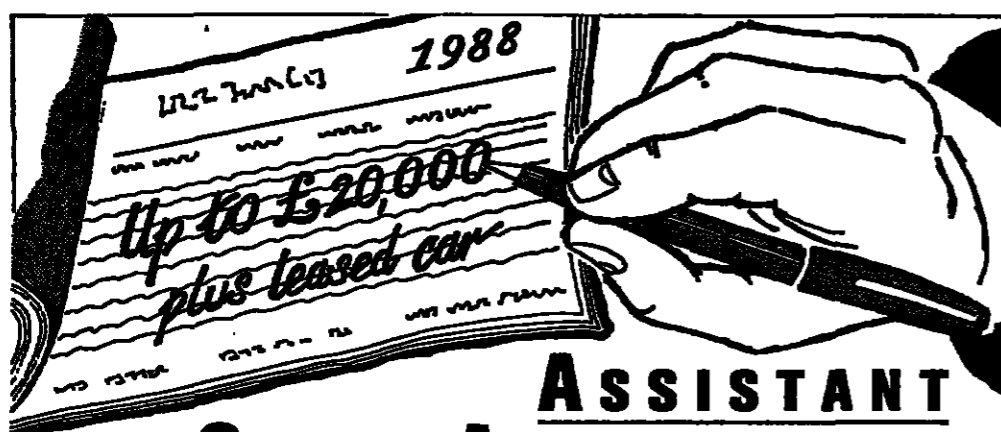
In this new position, the candidate will plan, develop and organize new banking services to be provided through an extensive branch banking network serving both retail and commercial customers.

The successful candidate should have experience in automated banking systems and software applications at the point of delivery to customers. The candidate will recommend systems to management after thorough research with customers and will coordinate with technical departments of the bank for development purposes.

Prior experience in the sale and delivery of systems such as automated teller machine programs and cash management systems will be required for this position.

These positions carry a fully competitive salary and expatriate benefits package. Envelopes should be marked International Investment Manager, Corporate Marketing Officers, Customer Services Manager, as the case may be and forwarded, in confidence to:

THE ASSISTANT GENERAL MANAGER (PERSONNEL)
RIYAD BANK, HEAD OFFICE
P.O. BOX 1047, JEDDAH 21431, SAUDI ARABIA.



ASSISTANT CHIEF ACCOUNTANT

Are you a qualified Accountant looking for your next career move and some management experience?

This new post (one of two Assistant Chief Accountants), based in Maidenhead in a particularly pleasant part of the Thames Valley, could provide a major stepping stone if you want to get to the top.

So why not come and work in a challenging and exciting environment for a progressive and innovative authority where the benefits package includes:

- a chance to earn up to £22,700 p.a. through our performance related pay scheme
- generous relocation expenses
- a mortgage subsidy (where appropriate)
- flexible working hours

- comprehensive management and technical training through our staff development programme



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 Finance and Corporate Services Department

If you are:

- interested in developing a financial database using up-to-date IBM technology
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Closing date for receipt of applications is 31st March, 1988.

Applications to be sent to the Borough Treasurer, Town Hall, St. Nicholas Road, Maidenhead, Berkshire SL6 1TF.

EXCITING OPPORTUNITY FOR A YOUNG ACCOUNTANT SEEKING FAST CAREER DEVELOPMENT

ACCOUNTANT

Cheltenham

An influential role, with a reporting line to the Group Chief Executive and the chance to gain experience in different businesses and geographical areas.

The Dowty Group, a major international organisation involved in the fields of aerospace, mining, industrial and electronic technology, is opening a new Operational Audit Team, based in Cheltenham. The team's brief is to contribute towards improved corporate profitability and to ensure the security of the Group's assets.

The key function of the department will be to carry out an independent investigation and review of management controls and systems. So not only will you share and originate ideas and expertise within your team, but you'll also distribute it around the Group. You will be in an ideal position for accelerated career progression.

With strong commercial awareness, gained through around five years' experience in a manufacturing industry, you should be ACA or ACMA qualified and will have spent at least three years in cost and management accounting, or management consultancy.

This is a superb opportunity to join a high profile multi-discipline team within a highly reputable company. You will, of course, have considerable personal presence, giving you the credibility to operate successfully at board level. Excellent communication skills are essential, as is the ability to work on your own initiative, with the drive to push projects through.

The position will be based in Cheltenham, but you must be prepared for extensive travel in the UK and abroad.

In addition to the above benefits, we can offer a competitive salary, company car and relocation package.

For further details, please contact Mrs M Silman, Senior Personnel Officer, Dowty Group PLC, Arle Court, Cheltenham, Gloucestershire GL51 0TP. Tel: Cheltenham 533858.

DOWTY

BARFIELD BANK & TRUST

Shareholders: Barings Brothers International Limited, The Bank of N.T. Butterfield & Son Limited

Corporate and Trust Accountant Guernsey

Barfield Bank & Trust Co. Limited wishes to recruit, as a new appointment, an Accountant to assume responsibility for the accounts of various client companies and trusts.

The appointment is to be made at Officer level, ideally for a recently qualified accountant wishing to broaden his experience of the offshore finance industry. Reporting directly to executive management, the successful applicant will have sound technical knowledge together with the ability both to organise and to supervise work and staff. A knowledge of computer applications would be beneficial.

Barfield, which is jointly owned by Barings and The Bank of N.T. Butterfield, is a rapidly expanding company providing banking and other financial services, trust and investment management, corporate and related management services. The Company currently employs 125 staff in Guernsey.

The salary will be fully negotiable, but not less than £17,000 p.a. The post carries the usual banking benefits including assisted housing arrangements. The vacancy will be of particular interest to those with Guernsey housing qualifications wishing to return to the Island.

Applications, which will be treated in strictest confidence, should be in writing and include a full curriculum vitae — addressed to —

J.G.J. Ewert,
 Managing Director,
 Barfield Bank & Trust Co. Limited,
 Barfield House,
 St. Julian's Avenue,
 P.O. Box 71, St. Peter Port,
 Guernsey, G.I.



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Chief Administration & Finance Officer

£22,200

Policing one of Britain's fastest growing counties demands the best use of resources. Effective administration is an integral part of our continuing drive towards providing increasing levels of service.

That's why we're now looking for a first class professional to take on the challenge of this new senior civilian role.

Reporting to the Deputy Chief Constable, you'll be responsible for the cost-effective management and development of the force's administration and financial services — covering the organisation of the Transport, Property, Catering, Supplies and General Administration Departments — ensuring they reach agreed performance targets.

You'll have considerable freedom in decision-making. A key area will be the review of financial systems leading to better control and paving the way for devolved budgeting. Being a member of the Policy Committee, you'll advise on all administration procedures and help prepare the force's budget (£29 million for 1988/89).

A qualified accountant, ideally with a degree in Business Administration or equivalent, you will have senior level experience, gained in either the private or public sector. You will be able to demonstrate excellent financial, administration and team-building abilities along with the drive to make things happen.

The rewards for this key role include attractive salary, car allowance and assistance with removal expenses to this particularly attractive part of the county. Above all, this is an exceptional opportunity to broaden your career with a dynamic and forward thinking organisation — recognised innovators in effective policing.

Interested? Please write or telephone for an application form and job description to: Mr J.C. Newton, Civilian Personnel Officer, Northamptonshire Police, Woodton Hall, Northampton NN4 0JQ. Tel: 0604 700700.

Closing date: April 11th 1988.
 Interviews will be held Tuesday 10th May 1988.

**Northamptonshire
Police**

We welcome applications regardless of racial or ethnic origin, sex, marital status or disability.



Financial Accountant Property Development

Surrey to £24,000 plus Car

This highly successful property development company with extensive interests in the Home Counties has identified the need to strengthen the management team by appointing a young and ambitious Accountant.

Reporting to strict deadlines and utilising a computerised accounting system, the successful candidate will be responsible for the day to day running of the accounts office, the provision of full monthly financial and management accounts for a number of Companies within the Group, and the development of accounting controls.

Suitably qualified accountants, aged between 25 and 30, who can demonstrate good communication skills, computer literacy and a hands-on approach to achieving results are invited to apply. Promotion prospects within the company are only limited by personal horizons and ability.

The attractive remuneration package includes a fully expensed company car, non-contributory pension scheme and private health insurance.

Interested candidates should send a comprehensive curriculum vitae, including details of current remuneration and a day time telephone number, quoting Reference LM600 to Andrew Sales FCCA, at Spicers Executive Selection, 13 Bruton Street, London W1X 7AH.



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Thursday March 17 1988

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UNITED BISCUITS TO PAY £335M FOR UK FROZEN FOODS COMPANY

Hanson to sell Ross Young's unit

BY CLAY HARRIS IN LONDON

HANSON, the international industrial conglomerate, is to sell Ross Young's, its UK frozen foods unit to United Biscuits, the British biscuits, snack foods and restaurant group, for £335m (£692m).

Hanson acquired Ross Young's in 1986 as part of Imperial Group of the Israel.

UB said the acquisition, announced yesterday, would give it nearly 20 per cent of the UK retail frozen food market, placing it second to Birds Eye, which is owned by Unilever, the Anglo-Dutch consumer products group.

The deal was struck between two former bitter antagonists in the 1986 takeover battle for Imperial from which Hanson emerged victorious with a £2.5bn bid.

Including yesterday's sale, it has raised £2.05bn from disposals. Mr Robert Clarke, UB chief executive, said the purchase reflected the group's determination to concentrate on markets in which it ranked either first or second.

Market share was crucial to achieving an acceptable level of profitability.

The businesses bought yesterday comprise Ross, the fastest growing retail brand of frozen and chilled foods, Young's, a leader in speciality fish products, and a manufacturing operation for the catering market.

Ross Young's has begun to concentrate on "adding value" to garden-variety frozen vegetables through products such as its Stir Fry brand.

Its trading margin of 5.2 per cent in 1987 compares with the 4.9 per cent achieved last year by UB's much smaller existing frozen food business.

Mr Clarke said, however, that the margin of the combined business could be increased to 7.2 per cent by the third year in part through annual cost savings of £12m. In the year to last September 28, Ross Young's achieved trading profits of £20.2m on sales of £391m.

IMPERIAL GROUP DISPOSALS BY HANSON

Buyer	Price (£m)
Anchor Hotels, Imperial Inns, Happy Eater	188
Courage brewing and pubs	1,400
Golden Wonder snacks	87
Finlay's newsagents	18.9
Beard's Delivery Service	3.5
Corrers Ltd shops	2.5
Ross Young's	335
Surplus properties	19
Total	2,050

Still in group: Imperial Tobacco, Lee & Parnell, HP Foods, James Watt (20); George West Holdings (20); Telford

Hanson described the deal as a "realistic price for a good business."

It said the remaining parts of the former Imperial Group, of which tobacco is by far the largest, contributed £170m in pre-interest profits in the year to last September 30.

The acquisition will be partly financed by a £110m Euro-issue of convertible preference shares launched yesterday.

The balance will be come from the £90m proceeds of previously announced disposals in the US and through existing cash resources and borrowing facilities.

The UK will account for nearly 75% of UB's trading profit after Ross Young's joins the group. UB also announced a 17 per cent rise in pre-tax profits to £147m for 1987. Its shares fell 6 1/2p to close at 265p. Hanson shares closed 2p lower at 136 1/2p.

Lex, Page 15; Capital markets, Page 25; Analysis, Page 28

KIO seeks control of Spanish sugar group

By Peter Bruce in Madrid

THE KUWAITI Investment Office (KIO), the international investment arm of the Kuwaiti Government, yesterday moved to gain control of Edro, Spain's second-biggest sugar producer, with a bid understood to be worth Ptas23.5bn (£210m).

The bid by KIO, which is seeking to raise its 19 per cent stake in Edro to 51 per cent, forms part of Kuwait's drive into Spanish financial and industrial institutions.

The offer is understood to be for Ptas20,000 a share, well above the Ptas18,000 which Edro was trading at before the country's four exchanges suspended it yesterday.

The move comes just days after KIO won a long and grinding battle for control of Spain's biggest chemicals company, Union Explosives Rio Tinto (ERT) after persuading the Government and ERT's creditor banks to intervene on its behalf.

KIO was Spain's biggest foreign investor last year and appears set to continue in that vein this year.

In January, through investments worth Ptas80bn, KIO accounted for 60 per cent of foreign investment in Spain. This month, besides winning its battle for seats on the ERT board, it has also bought an insurer - Amaya.

If successful, the bid for Edro will take KIO deep into the Spanish food chain. Its plan for ERT - from which the Government will probably remove the arms division - is to merge it with its own fertilizer subsidiary, Crea, and help rationalise the country's fertilizer industry.

KIO bought its original stake in Edro last year through its first major Spanish purchase, Turras Hostench, the paper manufacturer. KIO made it clear that it wanted more.

Campeau recovers initiative in battle for Federated chain

BY JAMES BUCHAN IN NEW YORK

CAMPEAU, the Toronto property and retailing group, yesterday tried to defuse criticism of its complex, two-stage offer of \$2.02bn for Federated Department Stores with a promise that it would pay out the full cash amount in one go.

"We are prepared and able to pay \$68 a share across the board, not favouring anyone and we are able to pay this promptly," Mr Robert Campeau, chairman of the group, said yesterday in a letter to Federated's board.

The proposal appears to recapture the initiative for Campeau in its fierce struggle with R. H. Macy of New York for control of the largest US retailer. Federated stock rose 5 1/4 to \$66 1/4 in early trading yesterday.

The letter was published yesterday morning in advance of what could be a crucial court ruling. Judge Leonard Sand is due to rule in a Manhattan court on a Macy's suit against the Campeau two-stage offer.

In his letter, Mr Campeau said he was willing to drop the two-stage offer, which was presented on March 2 after more than a month of rejection of his approaches. It provides \$75 a share for the first 80 per cent of Federated tendered but only \$44 for the remainder.

The two-stage deal has a blended value of \$68 a share, but Macy's says the offer pressures stockholders to accept early for fear of missing out on the \$75 and getting only \$44. Macy's is offering \$77.35 per share in cash for 80 per cent of Federated and shares in a future combined company for the remainder.

Separately Federated reported fourth-quarter profits of \$177m or \$2 a share, up 9.9 per cent from \$171.2m or \$1.82 per share. For the year ended January 30, earnings totalled \$313m or \$3.40 a share, up 14.4 per cent compared with earnings of \$287.9m or \$2.97 a share.

Henley to split group into two companies

By Janet Bush in New York

HENLEY GROUP, the Californian industrial holding company formed in 1986 from a collection of unprofitable businesses spun off from Allied-Signal, is to split the \$2.2bn assets it actively manages into two public companies.

The plan, which has been approved in principle by the Henley board, would form one company to be called Wheelabrator Group Inc, which would almost entirely consist of its refuse-to-energy business and in which Henley would hold a 50.5 per cent stake.

The second company will be a newly created entity called Henley Group Inc, which will own the rest of its existing assets - Signal Capital Corp, Signal Landmark Holdings, Henley's investments in its Fisher Scientific Group, Henley Manufacturing Corp, subsidiaries and other assets.

Henley said the move was designed to further enhance shareholder value and conform with the company's record of boosting profitability at its component companies and then spinning them off as separate entities.

Wheelabrator became a public company last September, when its sold 6.5m shares of its common stock in an initial public offering. In 1987, the company had revenues of \$1bn and net income of \$25.1m or 83 cents per share.

Henley also said yesterday that its board had approved authorisation for Henley to repurchase up to 20m additional shares of its common stock. This would supersede Henley's previous programme under which about 7m shares would have been bought back.

The company said it expected, at the time of the issue, that it would offer \$1bn in subordinated debt to refinance its existing bank debt of about \$900m.

Sears Roebuck expands in \$250m auto parts deal

BY OUR FINANCIAL STAFF

SEARS, ROEBUCK, the largest US retailing and consumer financial services group, has agreed to pay \$19 a share in cash for some 52.3 per cent of Western Auto Supply of Kansas City.

Sears expects to enter into a merger agreement to buy the rest of the company if Western Auto's board of directors give its approval. Sears has reserved the right to abandon the deal if such approval is not given by March 15.

Sears says the total transaction will cost about \$250m, and that it will also take on Western Auto's debt, of about \$152m.

Western Auto, a leading wholesaler and retailer of automotive supplies, tyres, appliances and lawn and garden equipment, has approximately 15m shares outstanding. Sears intends to finance the deal through general corporate funds.

Western Auto, which has 6,600 employees, reported earnings of \$10.5m on sales of \$930.5m for the year ended January 2. The two companies participate in the \$100bn automotive after-sales market through 797 Sears automotive centres, 276 Western Auto parts and service outlets and 116 Tire America and MTW tyre superstores owned by Western Auto.

Citicorp expects \$400m gain on Brazilian debt

By Our New York Staff

CITICORP, the US banking group which last year took a \$200m loss because Brazil stopped paying interest on its debt, hopes it can book a gain of \$400m this year with the country's decision to end its debt moratorium.

Mr John Reed, chairman of the New York group, said that Brazil still owed 24 months interest but was current on its interest payments in the first quarter of the year.

Mr Reed last year caused an upheaval in commercial attitudes to Latin American debt when he downgraded \$1.6bn in Brazilian loans in response to the February moratorium.

Petrobras profits plunge as sales drop

PETROBRAS, Brazil's oil monopoly, yesterday reported a 98 per cent fall in 1987 net profits to US\$134.8m, from \$1.9m in 1986, in what was the worst ever year for the country's largest company, writes John Barham in Sao Paulo.

However, the fact that Petrobras made a profit at all is itself remarkable, since in June the company had reported a first-half loss, its first ever.

Sales last year fell by a third in dollar terms to \$8.7bn, while customers ran up huge debts with the company.

Petrobras said other nationalised companies owed it \$400m at the end of last year. Mr Otilio Silva, Petrobras's combative president, has campaigned aggressively for changes in the country's energy policies, which he blames for Petrobras's disastrous results.

Petrobras is a victim of the government's policy of holding public sector prices below inflation in the vain hope of bringing prices throughout the economy down.

The result but saw scope for improvement. The group's operating income increased by 24 per cent to NKr7.03bn, while the operating result improved by 20 per cent to NKr407m. Operating margins were raised from 4.9 per cent to 5.8 per cent in 1987.

Restructuring, higher product prices and favourable foreign exchange financing improved profits from industrial activities. Consumer product profits rose by 28 per cent. In the investments division, securities business saw profits dip from NKr127m to NKr77m.

The dividend is maintained at NKr12.2 a share. The company proposes a one-for-10 bonus issue.

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Orkla Borregard posts 45% advance

ORKLA BORREGARD, the Norwegian industrial and investment group, boosted 1987 pre-tax profits by almost 45 per cent to NKr465m (\$78.3m) from NKr321m in the previous year. Writes Karen Fosell in Oslo. Earnings per share were 40 per cent higher at NKr72.40.

Mr Jens P. Heyerdahl, president, said he was satisfied with

the result but saw scope for improvement. The group's operating income increased by 24 per cent to NKr7.03bn, while the operating result improved by 20 per cent to NKr407m. Operating margins were raised from 4.9 per cent to 5.8 per cent in 1987.

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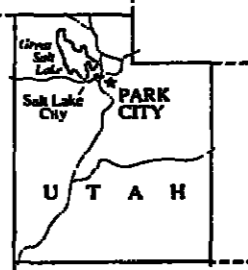
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This announcement appears as a matter of record only.

NEW ISSUE



March 17, 1988

**INTERNATIONAL BANK
FOR
RECONSTRUCTION AND DEVELOPMENT**
¥100,000,000,000**JAPANESE YEN SPECIAL BONDS—FOURTH OFFERING (A)****COUPON RATE 5.125%
MATURITY DATE MARCH 17, 1998****The Nikko Securities Co., Ltd.****Daiwa Securities Co. Ltd.****Yamaichi Securities Company,
Limited****The Nomura Securities
Co., Ltd.****First Boston (Asia) Limited,
Tokyo Branch****Goldman Sachs (Japan), Corp.,
Tokyo Branch****Kokusai Securities Co., Ltd.****Merrill Lynch Japan Incorporated****Morgan Stanley International
Limited, Tokyo Branch****New Japan Securities
Co., Ltd.****The Nippon Kangyo Kakumaru
Securities Co., Ltd.****Salomon Brothers Asia Limited,
Tokyo Branch****Sanyo Securities Co., Ltd.****Wako Securities Co., Ltd.****S.G. Warburg Securities (Japan) Inc.,
Tokyo Branch****Cosmo Securities Co., Ltd.****Dai-ichi Securities Co., Ltd.****Okasan Securities Co., Ltd.****Taiheiyō Securities Co., Ltd.****Tokyo Securities Co., Ltd.****Universal Securities Co., Ltd.****Yamatane Securities Co., Ltd.****AUCTION
RESORT DEVELOPMENT SITE
PARK CITY, UTAH**Magnificent 1,136 ± acre site for world class, master
planned, 4-season resort and residential community
with approved master plan.The property is located three miles from the world famous
Park City ski resort area and adjacent to the ParkWest Ski
Area which has a capacity of 6,700 skiers per hour.
30 minutes from Salt Lake International Airport.The site fronts on State Highway
224, the entrance to the Park City
resorts, at the 7,000 foot level.Park City and the property are
located within the Wasatch
Mountain section of the great
Rocky Mountains. Park City's
three premier resorts accumulated approximately
790,000 skier days in the 1986-1987 season.*Offered separately is an 8-acre parcel in
Lake Arrowhead, California with a final
map for 18 single-family lots.*For information regarding the properties and the terms and
conditions of the auction June 3, 1988 call (213) 450-2592.
Facsimile (213) 392-5806.**KENNEDY-WILSON, INC.**
3110 MAIN STREET, 2ND FLOOR
SANTA MONICA, CALIFORNIA 90405 USA

INTERNATIONAL COMPANIES AND FINANCE

Botswana RST Limited

Incorporated in the Republic of Botswana

Preliminary results

Results of the company and its subsidiaries for the year ended December 31, 1987

	Year ended December 31 1987	Year ended December 31 1986
Production and sales (tonnes)		
Production at mine — metals contained in matte		
— Nickel	16 528	18 974
— Copper	18 953	21 336
— Cobalt	181	183
Sales		
— Nickel	18 595	15 656
— Copper	21 232	17 378
— Cobalt	174	137
Consolidated income statement		
Sales of matte and metals	128 711	98 981
Operating profit	26 496	18 216
Interest earned	146	226
Interest paid	(8 624)	(4 708)
Realised currency exchange fluctuations	3 944	5 627
Other expenses	(329)	(343)
Profit before deferred interest, deferred royalty and unrealised exchange fluctuations	19 144	19 020
Interest accrued but deferred for payment	(153 252)	(153 085)
Royalty accrued but deferred for payment	(7 395)	(5 851)
Unrealised currency exchange fluctuations	166 290	131 523
Net profit/(loss) attributable to the shareholders of Botswana RST Limited	24 794	(8 394)
Accumulated deficit at beginning of the year	(1 189 806)	(1 181 412)
Accumulated deficit at end of the year	(1 165 012)	(1 189 806)
Net profit/(loss) attributable to the shareholders of Botswana RST Limited per ordinary share:		
Pula	P1.38	(P0.47)
Sterling	£8.47	(£0.18)
U.S. Dollars	\$4.55	(\$0.25)
Exchangeratesusedabove:P1=	\$4.55	\$0.37
P1=	\$0.6545	\$0.5405
Capital expenditure and commitments		
Capital expenditure	1 590	6 591
Capital commitments	189	202
Capital expenditure approved by the directors but not committed	7 783	1 177

COMMENT ON RESULTS

The major overhaul of the furnace, lasting 54.5 days, was successfully undertaken during the year bringing to an end a record furnace campaign life of seven years. Metal production was 35 642 tonnes compared with 40 473 tonnes in 1986. Sales revenue increased by 30% to P128.7 million (1986: P99.0 million) and the operating profit of P20.4 million was P2.2 million higher than the P18.2 million profit reported in 1986. After starting the year at badly depressed levels both nickel and copper prices improved steadily during the second and third quarters and moved rapidly ahead during the fourth quarter. Sales revenue was adversely affected by the continued weakness of the U.S. Dollar against the Pula during 1987. Operating costs, whilst held to budgeted levels, again increased due to high inflation and utility costs. There was a net profit attributable to the shareholders of Botswana RST Limited of P24.8 million compared to the net loss of P8.4 million reported in 1986. This was mainly due to the favourable unrealised currency exchange fluctuations of P166.3 million (1986: P131.5 million).

Notwithstanding the recent substantial increases in the prices for nickel and copper and therefore the increased sales revenues

achieved by BCL for its matte production, a further restructuring of BCL's financial obligations is required, and to this end, discussions with major lenders have been in progress for some time and are continuing. It is confidently expected, at this time, that these discussions will lead to satisfactory arrangements being made, by mid-year, which will enable BCL to meet its commitments to such major lenders. In the interim, the major shareholders are continuing to finance BCL expenditures through the reinvestment, as Emergency Funding, of a portion of the sales proceeds received from the Trustee, notwithstanding the fact that the Emergency Funding facility provided by the major shareholders in terms of the Restructuring Agreement dated July 31, 1985 expired as at December 31, 1987.

M. B. Bayliss
A. B. McKerron Directors

March 16, 1988

Registered Offices:
Administration Block
(P.O. Box 3)
BCL Mine Site, Selebi-Phikwe, Botswana

Nestlé named in Buitoni sale talks

By John Wyles in Rome

THE FUTURE strategies of Buitoni and Sme, two of Italy's leading food companies which once seemed destined to combine under Mr Carlo De Benedetti's flag, are at the centre of increasing speculation and uncertainty.

Mr De Benedetti's industrial holding company, has confirmed it has received offers for the Buitoni group, in which it holds 52 per cent, but is refusing to confirm it is negotiating a sale of some or all of Buitoni to Nestlé of Switzerland.

At the same time, Sme, which Mr De Benedetti secured to acquire three years ago until the move was blocked by the Government, is setting its cap at the Standa food and department store chain owned by the Montedison group.

Analysts see money-raising as the motive behind both possible initiatives.

Mr De Benedetti has been thinking about reshaping his food interests for some time and, at the beginning of the year, the sale of Ferragina, the confectionary company 88 per cent owned by Buitoni, seemed a firm prospect.

The financier had hoped to combine Ferragina with Sme's confectionary businesses. But this strategy seems destined to fail unless the Italian Appeal Court reverses on April 16 previous lower court decisions rejecting Mr De Benedetti's appeal against the blocking of the Sme agreement.

However, it is now thought that Mr De Benedetti may be interested in raising more than the \$250m to \$300m that Ferragina might bring because of the cost of his attempt to take control of Società Generale de Belgica.

Speculation that he is interested in selling part or all of Buitoni's industrial units is not being discouraged. At current stock market values, Ferragina and Buitoni jointly are worth L1,100bn (\$822m).

A deal with Nestlé would crown a relationship which has seen the Swiss company join the De Benedetti group of shareholders battling for control of La Générale.

Sme, meanwhile, hopes to study the feasibility of acquiring the Standa chain of stores which made net profits of 124,400 in 1987 on sales of 12,500bn. The stores chain has been earmarked for a possible sale as part of Mr Raul Gardini's bid to reduce Montedison's L7,800bn debt.

Share purchases tighten Volvo's grip on Skanska

By Sara Webb in Stockholm

VOLVO, THE Swedish motor, energy and food group, said it has paid about SKr1bn (\$168.5m) for shares in two small investment companies which indirectly give Volvo a tighter hold on Skanska, the Swedish construction and real estate group.

Volvo said it bought the shares from Carnegie, the brokerage, property management and retail group controlled by Swedish financier Mr Erik Fensler, because it regards Skanska as "a sound investment". The group said that, for tax reasons, it would make sense to keep hold of the shares for more than two years.

The deal means that Volvo now has a 25 per cent stake in Opus, the investment company, and has increased its stake in Protrop, another investment company, from 21.3 per cent to 36.3 per cent. The two companies control about 26 per cent of Skanska.

Volvo, which has about SKr33bn in cash reserves, has already signalled its intention to make acquisitions in the food or truck sector. It denied it was interested in buying a controlling stake in Skanska, which would mean a departure from its stated strategy.

Although Opus has a 62.5 per cent stake in Sardinia, a domestic food company, Volvo said it was more interested in acquiring food companies overseas.

RVI reshape helps return to black

BY PAUL BETTS IN PARIS

RENAULT VEHICULES Industriels (RVI), the truck manufacturing arm of the French state-owned car group, has returned to profit one year ahead of schedule with a net surplus of FF193m (\$35.2m) for 1987, against a loss of FF191m the year before.

Renault is itself expected to report next week a profit for 1987 in excess of FF20m after losing a total of FF27m during the three previous years. Between 1983 and 1986, the truck manufacturing arm suffered losses totalling FF71.5m.

RVI, which had not been expected to turn much before 1988, said the early turnaround reflected the company's success-

ful restructuring and strong European demand for trucks last year.

Mack, the US truck manufacturer 44.2 per cent owned by RVI, reported a profit of only \$4.1m last year. However, Mr Philippe Gras, RVI's chairman, said Mack's performance was expected to improve as a result of a restructuring programme.

Mr Gras also said RVI's target was to increase profits to about FF1bn next year, while earnings this year were expected to total more than FF500m.

Including Mack, RVI has annual sales of FF220bn and ranks third in the world truck league.

Its balance sheet was strengthened by a FF2bn capital injection last year. Its long-term debt now totals FF1.1bn while its capital assets amount to nearly FF5bn.

RVI confirmed yesterday that, following its transformation to profit-maker, it would at some time seek a listing on the Paris bourse.

It said that if BNP, Credit Lyonnais and Société Générale were to take up their option to convert debt into equity the three banks would own 30 per cent of RVI.

Although financial charges still accounted for 3 per cent of turnover, RVI has reduced its

production break-even point to 33,000 vehicles a year, compared with 36,100 vehicles in 1987 and a peak of 78,000 vehicles in 1984.

Group output has risen to 41,500 vehicles against 35,000 on average during the past three years.

Renault Truck Industries, the UK subsidiary, reported a small profit during the second half of last year, the first time in its history. The French and Spanish operations were both profitable.

Overall, RVI's European operations made a pre-tax profit, including special items, of FF334m in the second half of last year after a FF91m loss in the first six months.

Leysen in court move over La Générale

BY WILLIAM DAWKINS IN BRUSSELS

MR ANDRE LEYSEN, the Flemish financier who recently joined Mr Carlo De Benedetti's bid for Société Générale de Belgique, has lodged a court application to be allowed to buy the bulk of new shares which the beleaguered holding company is trying to raise in friendly hands.

Mr Leysen, chairman of the Gevaert financial holding company, applied to the Brussels commercial court to uphold what he argues is a binding accord to

let him buy 10m of the 12m authorised but unissued shares which La Générale is planning to use to dilute Mr De Benedetti's stake in the group.

The move adds to the growing tension in the run-up to La Générale's extraordinary general meeting on April 14, which Mr De Benedetti has demanded in an attempt to flush out any unaccounted investors and to gain positions on the board.

Mr De Benedetti and his sup-

porters claim 47 to 48 per cent of the company, while La Générale's defenders claim 51 to 52 per cent. Until last month, Mr Leysen was in the defending camp, where he agreed to buy the 10m shares. However, La Générale argued yesterday that its deal had lapsed as soon as Mr Leysen defected to Mr De Benedetti's side.

The new shares are in the hands of Sodacom, an affiliate of La Générale whose investors are

mostly opposed to the takeover attempt. If the new shares and existing warrants are included, Sodacom has a pivotal 28 per cent stake in La Générale, with Mr Leysen claiming the right to purchase a 23.35 per cent stake.

Viscount Etienne Davignon, a director of La Générale, reiterated that there was no agreement between Sodacom and Gevaert and that the affiliate would vote at the EGM "in line with the majority of its shareholders."

Suez convertible bond to raise FF4.8bn

BY GEORGE GRAHAM IN PARIS

COMPAGNIE FINANCIERE de Suez, the recently privatised French banking and investment group now locked in battle over Société Générale de Belgique, is to raise FF4.8bn (\$945m) with the issue of a convertible bond.

The issue will more than cover the cost of the FF4.2bn stake Suez has acquired in La Générale and will allow the group to strengthen its core of friendly shareholders if small shareholders' response to the offer is low.

Existing shareholders controlling about 35 per cent of Suez's capital — mainly the hard core chosen by the French Finance Minister when the company was privatised in October, as well as the associated Victoire insurance group — have agreed to take up their rights to the issue and to convert the bonds immediately into ordinary shares.

They have also, along with the Crédit Agricole banking group which wants to acquire a stake of

up to 5 per cent in Suez, effectively underwritten the rest of the issue, thus saving bank underwriting fees.

Mr Renaud de la Genière, chairman of Suez, said yesterday that in current market conditions the take-up by small shareholders was unlikely to be very high. Suez officials expect the operation will enlarge the hard core to more than 40 per cent of Suez's capital.

Ceruz, the French holding com-

pany of Mr Carlo De Benedetti which formed part of Suez's initial hard core with 1.5 per cent but which is now at loggerheads with the group over the La Générale bid, said last night that it had not yet decided whether to take up its rights.

Suez also announced that it would propose a 30 per cent increase in its dividend to FF5 per share, plus tax credit, in spite of a 21 per cent fall in parent company net profits to FF397m.

Framatome alters tactics in Télémecanique battle

BY OUR PARIS STAFF

FRAMATOME, THE French nuclear power manufacturer 40 per cent owned by Compagnie Générale d'Electricité (CGE), yesterday stepped up the takeover pressure on Télémecanique, the factory automation company, by switching from a partial offer to an outright bid worth FF7.1bn (\$1.25bn).

In an effort to outmanoeuvre the Schneider industrial group, fully supported by the takeover contest, Framatome is now offering FF4,500 a share for all outstanding Télémecanique shares.

Earlier it had offered FF5,800 a share for 45 per cent of Télémé-

cannique, which would have cost Framatome FF4.2bn.

The bid is now back in Schneider's court. The industrial group holds a 24.5 per cent stake in Télémecanique but it has faced fierce opposition from the company's management and employees who have recently staged a number of vocal public protests, including a strike.

In contrast, Télémecanique has fully supported the bid from Framatome. The latest offer is the fourth that Framatome has made for Télémecanique, making the contest one of the most hotly pursued takeovers seen in France.

Elf-Aquitaine launches Rhin-Rhône counter bid

BY OUR PARIS STAFF

ELF-AQUITAINE, the French state-controlled oil group, yesterday launched a FF1,500 a share counter bid for Rhin-Rhône, the Alsatian fuel trading and construction materials concern facing a hostile FF1,100 a share takeover bid from the Bollere Technologies group.

The latest offer puts a total market value of FF633m (\$123.6m) on the diversified fuel trading company.

Elf is already the single biggest

shareholder in Rhin-Rhône with 38.5 per cent of the company. Bollere has accumulated a 35 per cent interest.

The Elf move follows stiff opposition from Rhin-Rhône's management and employees against the Bollere bid. The management of the Alsatian concern, which employs 5,600 people and reported profits of FF63m on sales of about FF50m in 1988, has proposed a management buy-out to try to thwart Bollere.

Matra offshoot in buyout

BY OUR PARIS STAFF

MATRA, THE recently privatised French defence group, has spun off Lebranchu, its car components subsidiary, in a management buyout.

Lebranchu, in which the founding family has retained a 20 per cent stake and which continues to be headed by Mr Jean Lebranchu, will be 88.3 per cent controlled by a new holding company, Finairtel, in which employees and family will own 78.8 per cent.

The buyout has been organised by investors in industry (SI) which will take a 14.7 per cent

stake in Finairtel and a 11.7 per cent direct stake in Lebranchu.

The Lebranchu company makes prototype carbodies and stamped bodywork parts, as well as petrol tanks, steering wheels and handbrake assemblies.

Profits in 1987 totalled FF14.2m (\$2.8m), up 23 per cent from the previous year, on sales up 14 per cent to FF42m.

Although Matra is pressing ahead with its efforts in the car industry, with the development of the Espace in conjunction with Renault, it was said Lebranchu offered little synergy.

The Molson Companies Limited

(Incorporated with limited liability under the laws of Canada)
U.S. \$20,000,000 Floating Rate Notes
Issued March 16th 1988
Maturity date 16th March 1992

For the three month interest period from 16th March 1988 to 16th June 1988 the rate of interest on the notes will be 6 1/4% per annum. The interest payable on the relevant interest payment date will be U.S. \$8,730,900 per U.S. \$500,000 note.

Morgan Grenfell & Co. Limited
Reference Agent

State Bank of South Australia

A\$ 50,000,000
Puttable Adjustable Rate Notes due 1992
Unconditionally and Irrevocably guaranteed by
The Treasurer of the State of South Australia
(ECN No. 52155)

According to Article 3 (c) of the Terms and Conditions of the Notes the interest rate for the period April 8, 1988 to April 8, 1989 has been fixed at

11 1/16%

The interest amount on A\$1000 comes to A\$110.62

March 17, 1988 By: Swiss Bank Corporation, Basle
For and on behalf of
State Bank of South Australia

U.S. \$75,000,000

Banco Mexicano Somex S.N.C.
Floating Rate Notes Due 1991

In accordance with the provisions of the Fiscal Agency Agreement between Banco Mexicano Somex S.N.C. and First Interstate Capital Markets Limited, dated as of 4th September, 1986, notice is hereby given that the Rate of Interest for the period six month interest period has been fixed at 7 1/4% p.a. and that the interest payable on the relevant Interest Payment Date, 19th September, 1988 in respect of U.S. \$100,000 nominal amount of the Notes will be U.S. \$3,982.64.

Reference Agent
First Interstate Capital Markets Limited
17th March 1988

This announcement appears as a matter of record only.



Ireland

U.S. \$300,000,000

U.S. Commercial Paper Program

Co-Dealers
Goldman Sachs Money Markets Inc.
Merrill Lynch Capital Markets

March, 1988

Weekly net asset value as at 14/3 was US\$ 165.65
Tokyo Pacific Holdings (Seaboard) N.V.

Listed on the Amsterdam Stock Exchange

Information:
Person, Holding & Person N.V.
Havenstraat 214, 1016 BS Amsterdam.
Tel. +31 - 20 - 21108.

Weekly net asset value on 11/3 was US\$ 35.92
Asia Pacific Growth Fund

Listed on the Amsterdam Stock Exchange

Information:
Person, Holding & Person N.V.
Havenstraat 214, 1016 BS Amsterdam.
Tel. +31 - 20 - 21108.

New Zealand Breweries Finance B.V.
100% Guaranteed Bonds Due 1991

The Rate of Exchange, as defined in Condition 9(b) of the above described Bonds, applicable to the Coupons due March 15, 1988, from these Bonds is U.S. \$0.6688 for each N.Z. Dollar. Each Coupon to the amount of N.Z. \$157.50 will be paid U.S. \$105.49.

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, Fiscal Agent
Dated: March 17, 1988

DnC

NORWAY CAPITAL MARKET BANK

Bank of

INTERNATIONAL COMPANIES AND FINANCE

Dairy Farm profits up by 58% to HK\$456m

By David Dodwell in Hong Kong

DAIRY FARM International, the Hong Kong food retailing, manufacturing and wholesale group which last July acquired a 25 per cent stake in Kwik Save, the Welsh-based food retailer, has reported 1987 net profits of HK\$456m (US\$58.5m) — a 58 per cent leap from the HK\$289m of 1986.

The improvement was based on sales up by a quarter from HK\$10.2bn to HK\$12.5bn, with the operations of the group's Wellcome supermarket chain in Hong Kong and Franklin's in Australia contributing strongly to growth.

Profits were further enhanced by extraordinary gains of HK\$14m from the sale of investment properties in Australia and Singapore.

Dairy Farm was lived off from the Hongkong Land group in July 1986, shortly before the flotation of the Mandarin Oriental Hotel group, another HK Land subsidiary. Dairy Farm is now effectively controlled by Jardine Strategic Holdings, which owns almost 40 per cent of its shares.

Mr Simon Keswick, who is chairman of both Jardine and Dairy Farm, said that the group had had "a number of exchanges" in recent months with Kwik Save "to explore possible areas of co-operation." The group spent about \$170m (US\$214.5m) acquiring its holding in Kwik Save, which at the time put a value of \$280m on the group.

Mr Keswick did not reveal any plans to increase Dairy Farm's holding in Kwik Save or to collaborate but noted: "We are confident that this productive new relationship will be of significant long-term benefit to both groups."

"Kwik Save has a very similar business style to that of Dairy Farm, built on low prices, high quality, low overheads and convenient locations," he added.

Dairy Farm also expanded into Taiwan last year, where a venture with Ding-Hao Acme has led to the opening of a chain of Ding-Hao Wellcome supermarkets and Mannings chemists. Operations in Taiwan made an operating loss of HK\$5m in the start-up period during the last months of 1987 but are expected to generate profits this year.

Mr Owen Price, Dairy Farm's managing director, said further acquisitions were being sought, possibly in North America. Expansion would be funded in part from what remains of US\$200m raised in July by an issue of convertible cumulative preference shares to finance the Kwik Save purchase.

The board is recommending a final dividend of 12 cents a share, making a total of 17 cents for the year. It paid a maiden 2.5 cents for the 2½ months to the end of 1986.

Two purchases give News over 15% of Reuters

BY CHRIS SHERWELL IN SYDNEY

CONTROL OF a 13.89 per cent stake of high-voting A shares in Reuters, the British-based international news agency, is set to pass to Mr Rupert Murdoch's News Corporation as a result of two purchases concluded this week.

The acquisition would make the company Reuters' largest single shareholder but would take News above the 15 per cent limit on stakes in the agency.

This week's deals involve shareholdings in AAP Pty Ltd, which is a unit of the Australian Associated Press news agency and has as its principal asset the Reuters holding. The disposals came from John Fairfax, the Sydney media company, and Mr Robert Holmes à Court's Bell Group.

Fairfax said yesterday that News had purchased its 44.85 per cent holding in AAP Pty Ltd while News official commented that it had also taken Bell's 8.3 per cent stake.

The purchases would give Mr Murdoch around 90 per cent of AAP Pty Ltd and, therefore, control of another large parcel of Reuters shares.

Separately, Fairfax yesterday

said Fletcher Challenge, the New Zealand pulp and paper company, had bought its 80 per cent shareholding in Australian Newspaper Mills (ANM), the country's only newspaper manufacturer.

As with the AAP transaction, Fairfax put no price on the deal but together they are thought likely to have realised more than A\$50m (US\$32.5m). For its part, Fletcher continued last night to refuse comment on the transaction.

It also remained unclear which company had purchased Bell Group's 11.6 per cent interest in ANM, the sale of which was disclosed by Bell on Tuesday. Analysts said the buyer was not necessarily Fletcher.

Reports of the Fairfax disposals yesterday prompted the Trade Practices Commission, Australia's anti-trust agency, to launch an investigation. Last year it won a temporary injunction preventing News from acquiring Fairfax's holdings in ANM, AAP and AAP Information Services.

In particular, it said News' increased stake in AAP Information Services, AAP's news and data arm, would infringe the law

relating to market dominance. However, this week's sales by Bell and Fairfax do not involve AAP Information Services.

In one lawyer's view, the commission might face trouble if it wanted to halt the sale of holdings in AAP Pty Ltd because it does so little business in Australia.

Raymond Snoddy adds: Reuters in London declined to comment yesterday on News Corporation's reported transactions in Australia. The agency pointed out, however, that according to its articles of association no shareholder is allowed to hold more than 15 per cent of either class of share — the A shares which have four votes each and the B shares which have one vote.

If the AAP deals are completed the A share barrier would be clearly breached. At the moment Mr Murdoch holds 9.5 per cent of the A shares and 3.3 per cent of the B shares.

Any shareholder who breaks the 15 per cent rule through acquisition would normally be required to divest enough shares to return below 15 per cent.

Degussa to dispose of holding in Nukem

By Haig Simonian in Frankfurt

DEGUSSA, the West German precious metals and chemicals company, is planning to pull out of Nukem, the controversial nuclear fuel rod producer which has been at the centre of a scandal over bribery and alleged malpractice.

Degussa, which has a 35 per cent stake in Nukem, would be willing to give up its holding to one of the other shareholders, or even to an outside group "if that makes sense," according to Mr Gert Becker, its chief executive. He did not say who might take up the stake or when. However, he said the group would sever its personal links with Nukem by the middle of this year at the latest. In January, Mr Bernhard Liebmans, a member of Degussa's managing board, took over the management of Nukem at the height of revelations about unauthorised shipments of radioactive material by Transnuclear, one of its subsidiaries.

Degussa, which increased its turnover in the year to last September to DM11.7bn (\$7bn) from DM10.9bn, also reported after-tax profits up by almost 5 per cent to DM120.8m. The company is paying an unchanged DM10 a share dividend on its slightly increased equity capital.

The outlook for the current business year looks promising, subject to currency and economic developments in important markets, the group said. Earnings in the first four months had risen sharply thanks to higher capacity use in the chemicals sector and reduced losses in part of its metals group.

In the first five months group turnover — which now includes Leybold and Laboratoires Sargel which were acquired last year — was 10 per cent higher at DM5.8bn. Earnings this year should be of "the same general order of magnitude" as in 1986-7, the company said.

AFP to sell 49% Linter stake

BY OUR SYDNEY CORRESPONDENT

AFP Investment, a key shareholder in Elders IXL, the Australian brewing and agribusiness multinational, may have overcome a big bout of uncertainty over its own share register.

The takeover plan revealed on Tuesday night, much of this volatility is supposed to subside. Mr Goldberg has offered A\$3.50 cash, or one AFP share and A\$2.50 cash, for each share in Linter.

To help finance the deal he has placed his AFP shares with the Melbourne broker McIntosh Hanson Hoare Gossett. A portion will be used to meet acceptances of the share alternative.

Mr Goldberg will thereby extricate himself from AFP, which can expect to see his shares in AFP helpfully dispensed by McIntosh to a number of parties, thereby preventing them going to FAI or IEL. As AFP cannot buy its own shares, it will accept Mr Goldberg's cash offer.

The "back door" to Elders

Adler's FAI Insurance, Sir Ron Brierley's Industrial Equity (IEL) and Elders itself have stepped in to buy AFP shares in a swirl of trading which produced a sharp rise in its share price.

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The "back door" to Elders

springing from AFP's half-share in a 20 per cent Elders stake held through joint ventures with Goodman Fielder Wattie and SA Brewing, and from AFP's options over another 17 per cent of Elders.

Several directors and leading shareholders of AFP are known to be friendly to Elders and its chief, Mr John Elliott. If a change of control occurred at AFP, Elders would feel the reverberations directly.

The Linter takeover move followed discussions between AFP and Mr Goldberg. In stating that it intended to accept his offer, AFP said the decision to dispose of its Linter investment had been taken reluctantly. But it added that it believed better investment opportunities were available outside the textile industry.

Whether the deal has the designed effect remains to be seen. It is still open to FAI or IEL to buy into Linter and accept AFP shares in the takeover.

Protea Assurance back to underwriting surplus

BY JIM JONES IN JOHANNESBURG

PROTEA ASSURANCE, the South African composite insurer 50 per cent owned by Sun Alliance of the UK, returned to an underwriting surplus last year but says the short-term insurance industry is vulnerable to the volatile political and social climate.

Net written short-term premiums increased to R121m (\$56.7m) from R105m, the underwriting surplus was R2.8m against a deficit of R4.9m and the profit after

tax rose to R10.7m from R5.1m. Life premiums increased to R12m from R8.9m and the life fund to R108.3m from R101.8m. The company says its share of claims for flood damage in the Orange Free State is likely to be proportionately less than that of its larger competitors.

Net earnings rose to 136 cents a share from 65 cents and the annual dividend is being lifted to 36 cents from 28 cents.

Sharp rise in earnings for Keppel

By Our Financial Staff

KEPPEL, THE Singapore maritime and property group, more than quadrupled net profits last year to S\$22.4m (US\$11.1m) on revenue up 18 per cent to S\$670.7m and is to double its dividend to 5 per cent on a larger capital base of S\$262m against S\$226m.

It attributed the improvement to a better business environment and a sharp fall in interest costs to S\$6.3m from S\$30.3m following restructuring and refinancing exercises.

Keppel owns subsidiaries in shipbuilding, shiprepairing, property development, investment and management, financial and insurance services, and in the ownership and operation of ships.

One of these, Straits Steamship, reported pre-tax profits of S\$1.1m compared with S\$2.8m in spite of turnover down by a fifth to S\$131.2m.

Keppel's financial position improved after the launch of two 10-year convertible bond issues in 1987, totalling US\$150m.

Seabright Resources Inc.

has been acquired by

Western Mining Corporation Holdings Limited

The undersigned acted as financial advisor to Seabright Resources Inc. in connection with this transaction.

Prudential-Bache Capital Funding

February 1988

DnC Den norske Creditbank U.S. \$150,000,000

Floating Rate Capital Notes due March 1991

In accordance with the provisions of the Notes, notice is hereby given that for the six month interest period from March 17, 1988 to September 19, 1988 the Notes will carry an interest rate of 7.125% p.a. and the Coupon Amount per U.S.\$10,000 nominal of the Notes will be U.S.\$368.13 and per U.S.\$250,000 nominal of the Notes will be U.S.\$9,203.25.

March 17, 1988, London
By: Citibank, N.A. (Citi Dept.), Agent Bank

CITIBANK

Commonwealth Bank of Australia

A\$125,000,000

Floating Rate Capital Notes due 1992

For the period 6th April, 1988 to 6th April, 1989, the Notes will carry an interest rate of 11 1/4% per annum with a coupon amount of A\$115.00 per A\$1,000 Note and A\$1,150.00 per A\$10,000 Note.

Bankers/Trust Company/London Agent Bank

FULL LONDON BRANCH NOW OPEN

NORWAY'S CAPITAL MARKETS BANK

Union Bank of Norway is an active manager and underwriter of Eurobonds, with particular emphasis on issues by Norwegian borrowers and issues denominated in Scandinavian currencies. We maintain a liquid secondary market in those international bond issues which we have lead-managed. Domestically, we are in the lead as regards Government guaranteed bonds and other public sector bonds.

Please contact:
HQ in Oslo: Per Hagen. Tel: (472) 31 90 50.
Telex: 19968 ABC SE.

London Branch: Paul Stevenson or David Hollands-Hurst. Tel: 01-929 2391. Telex: 8951828 UBNL.
20 St. Swithins Lane, London EC4N 8AD.

Also with subsidiary in Luxembourg and representative offices in Copenhagen, Helsinki, New York and Stockholm. Union Bank of Norway is known domestically as ABC bank.

Union Bank of Norway

FIRST PACIFIC INTERNATIONAL LIMITED

First Pacific International Limited continues to build up its core businesses which are trading, marketing and distribution, China trade, real estate agency and management and securities research and brokerage. The Company's focus on the high growth economies of Asia provides an excellent foundation for future growth.

	Year ended December 31 1987	Year ended December 31 1986	Year ended December 31 1985
Turnover	912,658	624,015	420,433
Profit before taxation	28,402	18,012	9,545
Profit after taxation and minority interests but before extraordinary items	13,708	7,565	(3,930)
Profit attributable to ordinary shareholders	11,008	8,128	3,582
Earnings per share — US cents	3.23	1.80	(0.94)

For further information contact:
Corporate Communications Department
First Pacific International Limited
21/F, Two Exchange Square, 8 Connaught Place, Hong Kong.

FIRST PACIFIC

FIRST PACIFIC HOLDINGS LIMITED

In 1987 First Pacific Holdings Limited made further progress in achieving its strategic objectives. We strengthened our banking operations in Asia and the Pacific Rim and improved the structure and level of our earnings.

	Year ended December 31 1987	Year ended December 31 1986	Year ended December 31 1985
Net interest income	79,523	68,530	49,581
Non-interest income	62,229	46,286	29,047
Profit after taxation	16,481	12,565	8,728
Profit attributable to ordinary shareholders	13,088	12,206	8,626
Earnings per share — US cents (fully diluted)	6.56	6.51	4.63

For further information contact:
Corporate Communications Department
First Pacific Holdings Limited
24/F, Two Exchange Square, 8 Connaught Place, Hong Kong.

FIRST PACIFIC

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Stephen Fidler on the disappointing response to medium-term notes

Jury still out on future of MTNs

AMID ALL the talk last year of the decline of the Eurobond market, there were many who felt the new market in medium-term notes, which grew six-fold in 1987, was the way of the future. The jury is still out.

Medium-term note programmes allow borrowers to make continuous offerings to raise money in maturities of a year or longer. The issue mechanism, through appointed dealers, is thus more akin to commercial paper than to the bond market, in which larger amounts are raised at one time through managers and underwriters.

The advantage of issuing MTNs is greatest for those borrowers with a regular need for funds of up to three years. The fees paid to dealers - between 1/4 and 1/2 per cent - compare very favourably with commissions starting at over 1 per cent on Eurobonds of equivalent maturity.

This can theoretically mean that costs to borrowers can be lower and yields to investors higher than in the Eurobond market. In theory, too, the MTN format allows borrowers to shave their interest costs still further because they can offer very specific maturities and be highly responsive to investor needs.

This structure has certainly been a success in the US, where about \$50m of notes is outstanding. In Europe, the market grew from about \$20m to \$2.5m during 1987. Yet the growth of this younger market, which saw its first issues only in 1986, has disappointed many of its proponents.

In the first 2 1/2 months of this year, borrowers have raised more than \$10m by issuing simple

fixed-rate Eurobonds, confounding predictions of the market's imminent demise.

On the other hand, the amount of outstanding MTNs in Europe rose only by \$400m in the first two months of the year. According to figures compiled by Euroclear, the clearing and settlement agency, \$2.98bn in Euro-MTNs were outstanding at the end of February.

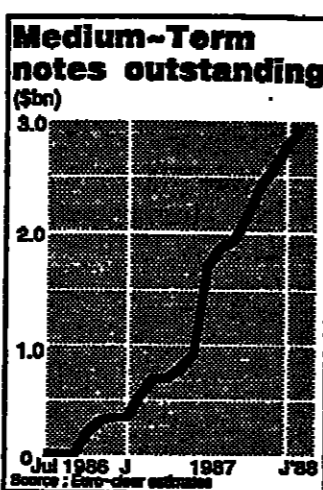
Of that, the programme of one borrower - General Motors Acceptance Corporation, the captive finance subsidiary of the US car maker - accounts for almost half the market with outstanding of about \$1.3bn.

GMAC is enthusiastic about the Euro-MTN market, which it finds much more interesting these days than the larger market in Eurocommercial paper. It has a long-standing policy not to issue paper in Europe unless it is at yield equal to or below those on its US programmes. This policy has led the amount of its outstanding Eurocommercial paper to dwindle while its MTN issue has grown.

Other borrowers are keen to arrange programmes, the latest of which is for Belgium, which will add an important sovereign name to the list of about 30 MTN programmes. More top names can be expected in the market soon.

Indeed, the market's growth has not been constrained by issuers but by investors, many of whom remain to be convinced of the advantages of buying such paper.

In a report on the market, Mr Edmund Carton of J.P. Morgan Securities, said: "Most issuers are still in the process of testing this market, although very attractive on paper, will continue



to struggle with investor scepticism until dealers' professionalism and a convincing track record achieve credibility with investors." Investor interest in the market has been limited by several factors.

Clearly, the weakening of the dollar since 1985 has led many investors to avoid dollar-denominated paper. Yet if this were the whole story, the surge in Eurobond issuance since the turn of the year would have been matched by rapid growth in Euro-MTNs.

In the US, the MTN market has benefited from the sophisticated investment techniques used by fund managers there. Such techniques, often calling for precise matching of future income and outgoings, have not yet spread widely to Europe.

However, most critical has been the attitude of investors to liquidity - their ability to sell

paper before maturity without paying a large price penalty.

This question seems to be in the forefront of investors' minds these days. The share market crash undermined the illusion of liquidity even on the world's most active stock exchanges. Investors have seen their ability to sell their investments suddenly evaporate in several sectors of the Euromarkets over the last year, most notably in parts of the floating rate note market.

On top of all this, there are suggestions that dealers may themselves have hindered the development of the market.

When they sell MTNs, dealers theoretically guarantee liquidity by undertaking to buy the paper back should the investor want to sell before maturity.

Theoretically, the prices for notes issued in the primary market and those quoted by dealers in the "secondary" market should be in line. In practice, however, dealers occasionally found that the yield discrepancies between the primary and secondary markets have in certain circumstances been as wide as half a percentage point - 50 basis points.

More often, the differences have been in the 10s of basis points, and even within the same group there have been significant discrepancies in the levels quoted to buy paper back.

Dealers and issuers together believe that the MTN market has enormous potential in Europe. But, if such dealership practices are indeed common, investor resistance to the market may be much harder to overcome - and it may well be difficult to convince investors who have suffered to re-enter the market.

Direct UK guarantees for export credit refinance

By Peter Montagnon, World Trade Editor

BRITAIN IS to opt for a direct government guarantee on capital market issues to refinance official export credits, under far-reaching reforms first agreed by the Export Credits Guarantees Department and commercial banks last autumn.

A basic decision to this effect has been taken by the expert group of bankers and officials which has been considering technical aspects of the refinancing and is due to report next month. The group has set a figure of some £25m as the maximum amount of refinancing which can be absorbed by the markets in any one year.

A direct government guarantee was chosen as a means of securing the lowest possible rates in the international bond markets, but it will have a significant bearing on the style of the borrowings and the structure of the vehicle company through which they will be channelled.

Bankers say the expert group had also been looking at another approach, whereby the vehicle company would have borrowed without an explicit guarantee. Its issues would still have had implicit government support, since the vehicle's only assets would be officially-guaranteed export credits bought from the commercial banking sector.

This approach would have allowed the vehicle greater flexibility in raising funds, but it could not. A direct government guarantee means that its borrowing policy will have to be tightly controlled by the government and the Bank of England so as not to conflict with other government financial policies.

Some bankers argued that this lack of flexibility could prove costly in the longer term. The UK authorities are unlikely, for example, to permit it to borrow in potentially attractive markets where the Government does not already have an established credit rating.

A main priority remains, however, to secure the lowest possible rates on individual issues. The ECED is expected to begin its refinancing operation later in the year, through the precise timing still depends on market conditions.

The working party has also decided that the borrowing vehicle will be a modified and improved version of Gefco, a vehicle already established by Lloyd's Bank to refinance re-rolling loans to the Philippines and Yugoslavia. The vehicle will be owned by an independent trust and Lloyd's role basically will be administrative only.

MoDo profits nearly trebled at SKr969m

By Our Stockholm correspondent

MODO, THE Swedish pulp and paper group which last week announced plans to create the second-largest diversified forestry group in Sweden, yesterday reported that it came close to tripling its profits for 1987, helped by strong demand for pulp and coated fine paper.

Aggeston, its pulp and board affiliate which it plans to take over completely, also reported increased profits yesterday. Both companies forecast further profit increases in 1988 after a strong start to the year.

MoDo's profit (after financial items) rose from SKr352m in 1986 to SKr969m (a 163m) last year. Sales declined by 2 per cent to SKr7,585m. The board proposed raising the dividend from SKr6 to SKr8.

The group's pulp division showed a jump in operating profits from SKr31m to SKr46m. MoDo said the drop in sales was partly because last year it sold its consumer products division to Holmen, the other forestry group which it is now planning to take over.

Aggeston, the pulp and board producer, said that its profits (after financial items) rose by 21 per cent to SKr220m last year, helped by strong demand for pulp.

Sales increased by 4 per cent to SKr2,456m and operating profit rose to SKr155m in 1987, chiefly due to the acquisition of Thames Board of the UK in January. Aggeston's board proposed raising the dividend from SKr10.5 to SKr11.5.

©ISS, the Danish industrial cleaning and security systems group, proposes an unchanged 10 per cent dividend for 1987 after increasing net earnings from DKr83.1m to DKr115.4m. There is to be a one-for-five scrip issue.

The group's sales rose to DKr5.38m from DKr4.86m.

Innovative 25-year issue from United Biscuits

BY CLARE PEARSON

UNITED BISCUITS, the UK food and restaurant group, yesterday raised £100m in the Eurobond market through an innovative issue of convertible preference shares.

The 25-year issue will be used to pay for part of UB's purchase of Ross Young's Holdings, the frozen foods concern, from Hanson, the industrial conglomerate. It met a good response from Continental investors, reflecting the supply of convertibles for UK companies since last October's stock market crash.

The deal is structured differently from normal convertibles in that it incorporates a "rolling" investors' put option between years five and 10 of its life. Usually, investors have just one opportunity to put their holdings in year five of a convertible's life.

SG Warburg Securities, the lead manager, said it should mean United Biscuits need not amortise the put premium over the first five years of the convertible's life - a problem which some UK issuers of convertibles have run into.

Investors in United Biscuits' issue will have the opportunity to put the preference shares between 1993 and 1998 at a price, rising from 119.45 to 149.38, to give a fixed yield of 9 per cent.

United Biscuits also has the opportunity to call the preference shares during 1988 and 1989 at various prices which compare with those available to investors through putting their bonds.

The preference shares, issued through a Netherlands Antilles subsidiary of United Biscuits, pay a gross dividend of 5 1/2 per cent. The conversion price is 20p, a 20 per cent premium over United Biscuits' share price at the time of pricing yesterday.

Elsewhere in the Eurostarling market, trading was quiet, although prices moved about 1/4 percentage point lower than the levels seen at lunchtime on Tuesday, when bonds were last traded prior to the UK Chancellor's Budget speech. However, the market was still underpinned by a firm structure.

A £100m issue for New Zealand appeared in the Eurostarling market, led by Nomura International. The 5 per cent five-year bond, priced at 101 1/4, was quoted at less than 101.

INTERNATIONAL BONDS

mid, the level of its total fees, though it did not trade widely. Dealers said there had been renewed interest in Electricite de France, the other two big Swiss banks came into the 20-year deal, which was priced at 101 1/4 with a 5 per cent coupon. The issue, which follows a substantial amount of other 20-year paper in the coming year, was seen as aggressively priced and was bid in the grey market 2 1/2 points below issue price.

Foreign bonds were stable in Switzerland, with domestic issues losing 25 basis points and Eurobonds about 10 basis points, as the market awaited today's US trade figures.

In Switzerland, Swiss Bank Corporation won the mandate through competitive bidding for a \$100m issue by Electricite de France. The other two big Swiss banks came into the 20-year deal, which was priced at 101 1/4 with a 5 per cent coupon. The issue, which follows a substantial amount of other 20-year paper in the coming year, was seen as aggressively priced and was bid in the grey market 2 1/2 points below issue price.

Foreign bonds were stable in Switzerland, with domestic issues losing 25 basis points and Eurobonds about 10 basis points, as the market awaited today's US trade figures.

In the US, the US has been priced by Goldman Sachs. The \$200m 10-year tranche has a 8 1/4 per cent coupon and a price of 99 1/4 and the \$200m 30-year portion at 9 1/4 per cent and a price of 99 1/4.

Westdeutsche Landesbank announced an A\$50m five-year issue for its Luxembourg subsidiary, bearing a 12 1/2 per cent coupon and 101 1/4 pricing. It was bid

modestly. Futures Trading Commission (FTC) and the Securities and Exchange Commission (SEC) view the Barclays Stock Index futures contract in the US, AP-DM reports from Wellington. In a statement yesterday, the exchange said both the US Com-

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Sweden slows deregulation

By Sara Webb in Stockholm

THE SWEDISH Government said yesterday it intends to continue the process of liberalising exchange control regulations but that they would not be lifted before mid-1988.

While the Government is willing to widen ownership of foreign shares in Sweden, it said yesterday that "deregulation will not cover the core of the exchange control regulations which are of key importance for money and exchange rate policy." This means foreigners will not be allowed to buy Swedish bonds.

CBOE faces unfair pricing suit

BY DEBORAH HARGREAVES IN CHICAGO

M&M, A New York investment partnership, has filed a lawsuit alleging unfair pricing at the Chicago Board Options Exchange on October 20 - the day after the stock market crash.

The CBOE and its biggest clearing corporation have been named as defendants in the suit, which has been brought on behalf of more than 1,000 options users who traded over \$40m worth of November options on the Standard & Poor's 100 stock index contract on October 20.

In the chaos of that Tuesday's

market, prices paid for certain options series were "unfair and grossly inflated," the suit alleges. The trading of stock index options has already been the source of most of the customer complaints that followed the crash, according to the Securities and Exchange Commission.

In addition, the suit alleges that the CBOE broke its own rules by not halting index options trading earlier than it did; trading was suspended for just over an hour in mid-morning when most of the underlying stocks in the index were not trading.

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However, a CBOE committee set up to look into pricing on October 20 found it to be as fair as could be.

A main priority remains, however, to secure the lowest possible rates on individual issues. The ECED is expected to begin its refinancing operation later in the year, through the precise timing still depends on market conditions.

The working party has also decided that the borrowing vehicle will be a modified and improved version of Gefco, a vehicle already established by Lloyd's Bank to refinance re-rolling loans to the Philippines and Yugoslavia. The vehicle will be owned by an independent trust and Lloyd's role basically will be administrative only.

MoDo profits nearly trebled at SKr969m

By Our Stockholm correspondent

MODO, THE Swedish pulp and paper group which last week announced plans to create the second-largest diversified forestry group in Sweden, yesterday reported that it came close to tripling its profits for 1987, helped by strong demand for pulp and coated fine paper.

Aggeston, its pulp and board affiliate which it plans to take over completely, also reported increased profits yesterday. Both companies forecast further profit increases in 1988 after a strong start to the year.

MoDo's profit (after financial items) rose from SKr352m in 1986 to SKr969m (a 163m) last year. Sales declined by 2 per cent to SKr7,585m. The board proposed raising the dividend from SKr6 to SKr8.

The group's pulp division showed a jump in operating profits from SKr31m to SKr46m. MoDo said the drop in sales was partly because last year it sold its consumer products division to Holmen, the other forestry group which it is now planning to take over.

Aggeston, the pulp and board producer, said that its profits (after financial items) rose by 21 per cent to SKr220m last year, helped by strong demand for pulp.

Sales increased by 4 per cent to SKr2,456m and operating profit rose to SKr155m in 1987, chiefly due to the acquisition of Thames Board of the UK in January. Aggeston's board proposed raising the dividend from SKr10.5 to SKr11.5.

©ISS, the Danish industrial cleaning and security systems group, proposes an unchanged 10 per cent dividend for 1987 after increasing net earnings from DKr83.1m to DKr115.4m. There is to be a one-for-five scrip issue.

The group's sales rose to DKr5.38m from DKr4.86m.

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UK COMPANY NEWS

Carless ready to take action over Calor's demerger

BY STEVEN BUTLER

Calor Group has released full details of its plans to spin off a separately-listed oil and gas company in a deal with SHV, the private Dutch company, and put a net valuation on the new oil company, which it has now named OIL, at £500m.

The deal, however, has become clouded by a threat of legal action by Carless, Capel and Leonard, the independent oil company that has a 41.18 per cent minority interest in Calor's oil and gas subsidiary, Century Power and Light.

As part of the complex arrangements agreed between SHV and Calor, Century Power would issue shares to Calor in exchange for shares of Dyas UK, the oil and gas subsidiary of SHV which Calor will acquire in exchange for Calor shares.

Carless says that the shares cannot be issued over its opposition and that it is prepared to take court action to establish its rights.

Calor, however, disagrees with this and says that Carless does not have the ability to prevent the deal from proceeding. Calor says it will indemnify Acre in relation to any claims arising out of the proposed demerger in this respect.

None the less, Carless said it did not intend to block the deal, but was seeking a satisfactory price to sell its stake in Century Power. It has so far rejected a cash offer from Calor and negotiations are proceeding between the two sides.

The value of Acre, based on a valuation by Robertson ERM, the independent consultant, came out 10 per cent higher than expected when the deal was announced in January, and SHV will now make an offer for out-

standing Acre shares at 165p each.

SHV, which would already own 40.3 per cent of Acre, is making a general offer at the request of the Calor board in order to provide an underpinning for the value of the new shares. It says it intends to maintain Acre as a public company, although it is not clear what action it would adopt should the offer be widely subscribed.

The ERM evaluation assumes a Brent oil price of \$16, rising to \$27 in 1994, and 5 per cent annually afterwards. An exchange rate of \$1.80 to the pound is used in 1988, falling to \$1.50 in 1994. A 15 per cent discount rate on future cash flows was used at the request of Acre Oil directors.

comment

When Calor shareholders consider whether to accept the cash offer from SHV for their new "house" shares in Acre oil, they ought to remember that SHV does not want a wholly-owned subsidiary, yet is happy to lap up the shares at 165p. And there must be a reason why Carless threatens legal action rather than accept a price based on a similar calculation. At Acre's request, ERM lifted its preferred discount rate for valuations from 12 to 15 per cent, and in so doing, knocked nearly 20p off the per share valuation. ERM also did not add in valuable tax synergies that result from combining Dyas and Century assets. Add to that the growing scarcity value of a good spread of North Sea production and exploration assets, and Acre Oil ought to be as attractive a vehicle as any to participate in the sector.

Nikki Tait on the American concert party at Edinburgh Fund

Crescent raiders no novices

WHATEVER the general rejoicing in the City at Tuesday's Budget, investment trust managers can have found little comfort in the Chancellor's words.

On the one hand, there was a small sop to their major rivals, the unit trusts, via the removal of unit trust instrument duty. On the other, Mr Lawson's decision to exempt pre-1982 capital gains from any tax liability can only encourage those institutional shareholders who are keen to disinvest from the sector.

Many of their chunky trust holdings are, after all, long-established.

That, in turn, gives added time-liness to Tuesday afternoon's announcement that an American board of directors at Crescent Japan, the \$110m trust managed by Edinburgh Fund Managers, is negotiating an extraordinary meeting.

At the meeting, the concert party - which comprises four members of the Grace family, John and James Pinto and Mr James Rosenwald III, and which together holds a 19 per cent stake - will ask shareholders to back a motion calling for unitisation (the conversion of the fund into a unit trust).

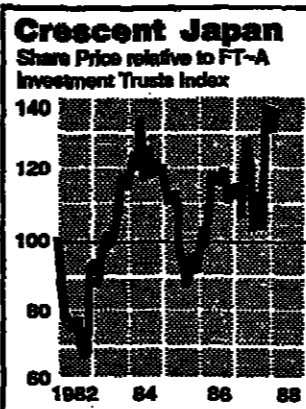
Because unit trust are open-ended and the price of the units is directly related to the value of the underlying assets, the traditional investment trust "discount" should largely disappear.

The raiders at Crescent Japan are no novices. The individuals comprising the concert party - who simply describe themselves as "a group of friends acting together" - centre around New York broker and investment business Sterling Grace.

Last year, with a small degree of aid from Mr T. Boone Pickens's son, Thomas, a similar partnership successfully pressured Japan Fund, an American closed-end fund, into becoming an open-ended mutual fund.

Corporate activity outside the fund management industry has ranged from a bid for a New York savings bank to a leveraged buy-out on a geo-thermal field on the West Coast.

The firm, better-known on Wall Street than in the UK, is incidentally connected to the family running US conglomerate, W R Grace, whose interests range from chemicals to retailing - "second cousins once removed," explains John Grace.



In the light of recent events in the investment trust sector, holders who simply wish to cash in their investment may be relieved to see a straight unitisation proposal. Recent schemes have been considerably more complex, and Mr Grace says that the concert party choose the route on the grounds of simplicity.

Nevertheless, one chunky cost could loom - Crescent is managed by Edinburgh Fund Managers on a five-year contract and the annual fees were raised to 0.75 per cent in January. Incumbent managements can usually claim the full contract fee if hostile action removes their funds, which would eat up 3.75 per cent of Crescent's net assets.

On that score, the concert party's advisers, Olliff & Partners, are already sabre-rattling: the matter, they suggest, could be raised with the Takeover Panel or Stock Exchange, as part of the whole question of "poison pill" defences.

But, for the moment, matters remain amicable - at least on the surface. EFM, which already has a substantial unit trust stake, says simply that "shareholders must decide". The EGM, it adds, will be duly called.

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Dated: March 17, 1988

Armitage Bros forecasts loss

Following the recent disposal of its cat-litter business Armitage Brothers, the pet-products manufacturer, expects to incur a trading loss during its current half-year.

This emerged yesterday afternoon as the company reported its results for the six months to December 12 last year. Pre-tax profits fell from £572,000 to £235,000, on turnover down from £9.77m to £9.32m.

With operating profits cut from £876,000 to £253,000, the company attributed its poor trading performance to the costs of preparing its cat-litter business for sale. A sale was achieved in January, contributing an extraordinary credit of £568,000.

Earnings per share fell from 9.1p to 4.1p; the dividend is unchanged at 2p.

Pochin's lifts interim profits

Pochin's, Cheshire-based builder and civil engineering contractor, pre-tax profits rose from £887,000 to £763,000 in the six months to November 30 1987.

Mr Michael Pochin, chairman of the Macclesfield-based group, said the figures reflected a steady trend in turnover and profit and he anticipated that full year figures would be satisfactory.

Turnover, was up £1.5m at £13m. After tax of £285,000 (£250,000), earnings per share were 47.1p (42p). The interim dividend was unchanged at 4p.

Mr Pochin said he was concerned at the "suicidal" nature of competitive tendering in the construction industry, particularly in the North West.

"I look forward to the day when this trend is arrested," he added.

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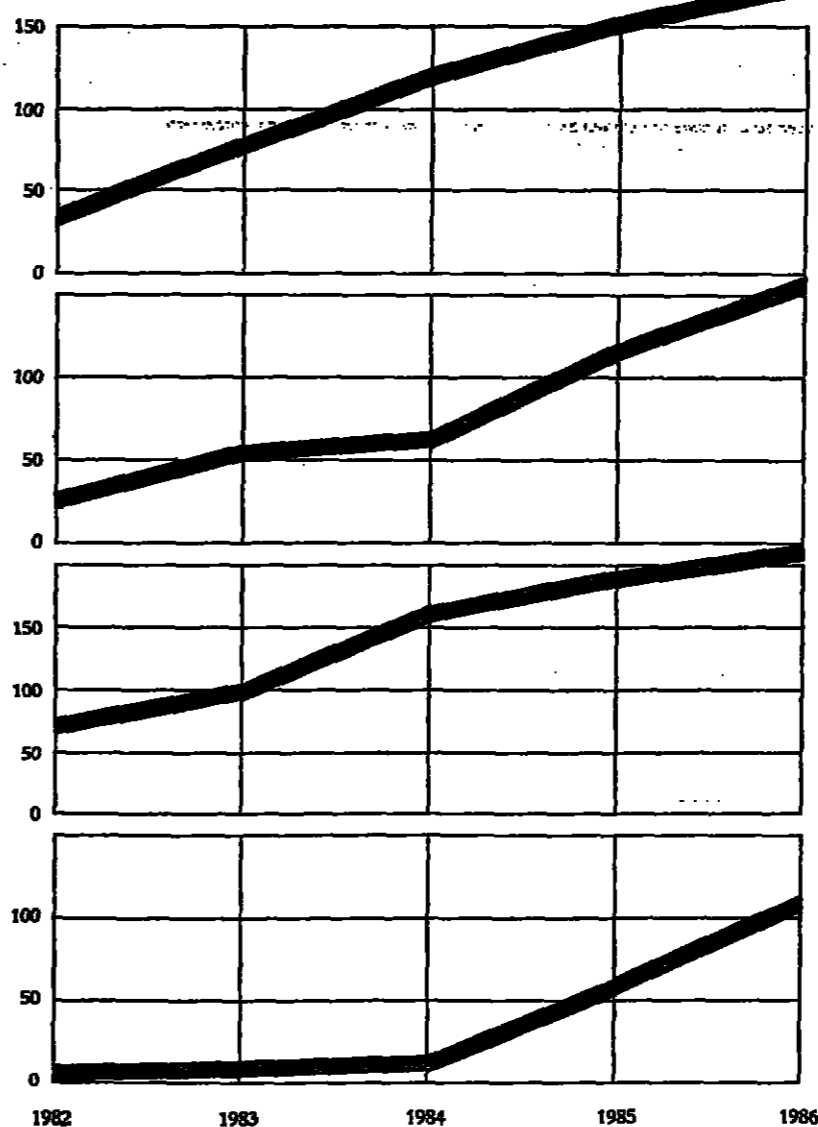
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UK COMPANY NEWS

Jaguar profits dip 19.7%
on continued \$ weakness

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

Jaguar, the UK luxury car producer, suffered a 19.7 per cent drop in pre-tax profits last year despite a 16 per cent jump in vehicle production and a 21 per cent rise in turnover to £1,002bn from £830.4m in 1986. The share price closed 17p lower at 303p yesterday.

Pre-tax profits fell to £97m from £120.8m in 1986 as Jaguar was hit by a further significant weakening of the US dollar - the US accounted for 46.5 per cent of Jaguar car sales last year. In addition profits were depressed by a \$15.5m increase in depreciation charges, a \$15.2m increase in research and development expenditure as well as \$15m of costs involved in the phasing out of the six cylinder Series III car and the build up of production of the XJ6 saloon, which was launched in late 1986.

Mr John Edwards, Jaguar finance director, said the group would like to get back to 1985-86 profit levels, but only forecast



Sir John Egan: still hedging bets

7 to 8 per cent last year, but there was "not much scope" for further price rises in 1988.

Its main sales growth was coming from the UK, continental Europe, Australia and Japan. Deliveries to dealers and distributors rose by 19 per cent last year to 49,200 with a 51 per cent increase in the UK to 11,582 units and an increase of 44 per cent in the rest of Europe to 6,296 units.

Jaguar sold 533 cars in Japan last year and this was likely to rise to 900-1,000 in 1988.

Sir John said the group had failed to reach its productivity targets last year, which had cost it the production of around 1,500 cars. Production was currently running at some 1,150 cars a week, but Jaguar was aiming to increase output to 1,300 cars a week in the next couple of months.

The bottleneck to production in the paint shop had been removed with the introduction of a night shift. Sir John said the

Koppers dismisses
Beazer's
\$1.3bn offerBy James Suchan
in New York

Koppers, the Pittsburgh-based chemicals and building materials group, yesterday rejected a \$1.3bn offer from a group led by Beazer, the UK building group, and said it was considering a plan to reward its stockholders by recapitalising the company.

Koppers, which has been enjoying strong growth through the supply of aggregates for highway-building, said yesterday that the Beazer group's offer of \$45 a share was inadequate for the common shareholders.

Mr Charles Pullin, chairman of Koppers, said that the company's board is considering a plan which would involve a "substantial" cash payment to its stockholders and that the company was looking at the sale of part of the construction materials and services business to help finance the recapitalisation.

As part of the deal, stock could be sold to the company's employees, he said.

Yesterday's announcement confirms Wall Street's belief that the Beazer group's offer was too low to succeed and would be topped by a counter-proposal. Koppers was yesterday trading at \$54.75, down 3 1/2 but still well clear of the offer from the Beazer group, which also includes Shearson Lehman Hutton and NatWest Investment Bank.

Leveraged recap, which have recently gained favour on Wall Street, are defensive plays designed to win stockholders' loyalty by borrowing heavily against the business to pay out a big cash dividend. In the most dramatic example last year, Harcourt Brace Jovanovich, the Orlando-based publishing group, took on \$2.8m in debt for a recap to defeat a hostile bid from Mr Robert Maxwell of the UK.

Mr Pullin said the Koppers board was considering a recap which would "involve a substantial cash distribution, or dividend, to common shareholders, while permitting them to maintain an equity interest in the company and to participate in its inherent long-term value."

Koppers said the Beazer group's \$107.75 a share offer for a small issue of preferred stock was adequate, but made no recommendation to holders.

Philip Coggan in London said Mr John Matthews of County NatWest, Beazer's advisers, said that the Koppers statement was "mildly encouraging" since it made no mention of talks with a "white knight" about a counter-offer.

Food divisions lift UB to £147m

BY CLAY HARRIS

United Biscuits (Holdings), the food and restaurants group which yesterday agreed to buy Ross Young's from Hanson, increased pre-tax profits by 17 per cent to £147m in 1987 on turnover up by only 1 per cent to £1,955m.

The pre-tax advance from £125.2m in 1986 was achieved through an improvement in group-wide margins from 6.5 per cent to 7.5 per cent. It also reflected lower interest costs.

UB's core UK food manufacturing business, including biscuits, frozen food, crisps and other snack foods, accounted for most of the 14 per cent advance in trading profits.

It made up for the fall in the contributions from restaurants, where heavy investment resulted in a sharp decline in profits at Pizzaland, and from US operations, where the dollar's weakness largely offset the improved performance from the Keebler snack foods and cookies business.

Overall, UB said, the dollar's decline against sterling reduced pre-tax profits by £5m.

UB Brands lifted its dominant

United Biscuits 1987 results by division (£m)				
	Turnover	% change	Trading profit	% change
UB Foods Europe	958.0	0.0	167.8	+23.4
UB Brands	430.1	0.0	58.2	+20.7
KP Foods	325.3	+10.5	36.8	+23.9
UB Frozen Foods	108.7	+7.8	5.3	+43.2
UB Continental	77.8	+11.2	5.5	+10.6
UB Distribution	38.4	-12.7	1.8	+80.0
UB Restaurants	134.2	+11.5	8.9	-3.2
Wimpys	66.2	+11.1	7.9	+31.6
Pizzaland	58.7	+10.3	1.7	-75.5
Overseas	9.3	-22.3	(0.1)	n.a.
UB Foods US	767.4	-1.7	44.4	-1.4
Keebler	73.9	0.0	33.4	+2.9
Specialty Brands	87.5	-0.2	11.0	-1.8
Other Companies	113.8	+5.7	5.2	+15.8
TOTAL†	1,954.8	+1.1	157.8	+14.2

†1988 included Pizzaland results, sold in 1987. ‡After deducting inter-company sales and central overheads.

share of the static UK biscuits market to 47 per cent, and Terry's of York increased trading profits by 26 per cent on a slightly lower 3.5 per cent share of UK chocolate confectionery sales.

At KP Foods, nuts and seeds showed small improvements in market share to 65.1 per cent and 36 per cent respectively, although share in crisps slipped

to 26 per cent as a result, UB said, of its unwillingness to cut prices for own-brand products.

Frozen foods achieved a strong advance. Yesterday's acquisition will lift UB to a close second in retail market share after Unilever's Bird's Eye and consolidate its leadership in catering sales.

In the US, Keebler increased its dollar trading profit by 18 per

cent and gained another 1 per cent point of the total cookie market. The businesses within Specialty Brands, including spices, olives and salad dressings, are to be sold to McCormick and Campbell despite a 13 per cent rise in dollar trading profits.

In continental Europe, Westmezz substantially increased sales in France and maintained both its leadership in the Netherlands and its number two position in its home Belgian market. Ortiz increased its profits and market share in Spain.

Earnings per share increased by 18 per cent to 33.9p (20.3p), although UB warned yesterday that the Ross Young's acquisition would result in a one-off 1.7 per cent dilution of earnings in 1988.

Most of an extraordinary debit of £7.5m (£8.8m) reflected the effect of US tax reform on taxation liabilities. However, UB's overall tax charge of £46.3m (£42.5m) represented a slightly lower effective rate of 32.5 per cent (32.9 per cent) after a final dividend of 7p (6p) makes a total 16 per cent higher at 11p (9.5p).

See Lex

Christopher Parkes looks at UB's efforts to rival Bird's Eye
Carving out a bigger slice of the market

United Biscuits (Holdings) started in the frozen food business by making the odd cheese cake for Bird's Eye in its spare time. Now, if it stands on tiptoe, it is eyeball-to-eyeball with the Unilever subsidiary in the fastest growing sector of the food industry.

According to Mr Robert Clarke, UB chief executive, yesterday's agreement to buy Ross Young's from Hanson pushed the company's share of the retail frozen food market to within three percentage points of the market leader.

Bird's Eye scoffs, claiming UB has about half its share, and the City tends to agree. However, the injection of £299m of Ross Young's turnover has prompted UB in the food industry rankings to share equal second place behind Unilever, and established it as a serious challenger to the

Anglo-Dutch group in frozen foods.

The deal has also given it a third core business which fits its overall strategy of being market leader or a strong number two in all its core businesses - biscuits, snacks and burgers.

Whatever the precise market share figures, UB is now in a position to give Bird's Eye and other players pause for thought. Formerly confined to the cake, pizza and catering sectors, it has extended its range into the fish, meat and vegetables trade with interests in both branded and own-label production.

It is well placed to take advantage of the boom in convenience foods which pushed UK sales of frozen foods to almost £1.7m last year. Fuelled by changes in consumer habits, 80 per cent ownership of freezers and 35 per cent household penetration by micro-

wave ovens, the value of the market has more than doubled since 1980. Last year frozen food accounted for 25 per cent of all food market growth.

However, sector sales growth has attracted many ambitious players, and the competition is fierocious, with tactics ranging from the cut-throat pricing exercises of commodity vegetable freezers like Tendafood, to massive advertising expenditure at the other end of the scale.

The retailers have also played a major part in the market's development, and their own-label products now account for 37 per cent of the business which once belonged almost wholly to Bird's Eye. Before yesterday's link-up, J Sainsbury was the second-ranked "brand" in the business, and other retailers held the fourth, fifth and sixth places. That Pindus, the Nestlé subsidiary, has managed to carve out only a 7 per cent retail share, and UB's existing business only 3.5 per cent, illustrates the difficulties.

Market conditions have squeezed all the players. Trading profit margins in UB's frozen food business last year were 4.9 per cent, compared with more than 13 per cent for its biscuits operation. But Mr Clarke sees "absolutely no problem" in ranking that up to more than 7 per cent in three years.

"Two years from now, he says, Ross Young's will be fully absorbed and all the synergies in play. By then 50 per cent of homes will have a microwave, the frozen food market will, it is expected, still be growing in real terms by up to 3 per cent a year, and Sir Hector Laing, chairman, expects UB to be pressing Bird's Eye for market leadership.

although they admitted to some surprise - that Ross Young's had not been "Hansonised" before sale and was well primed for the challenge. Contrary to some reports, capital and marketing expenditure had not been slashed, Mr Clarke said.

"I suspect Hanson always intended to sell the business," he explained.

Even so, Ross Young's executives are understood to be relieved at the sale, and a recent report from brokers Henderson Crosthwaite indicated capital spending had been below pre-Hanson budgets in the two years since the Ross Young's business was absorbed by Hanson in the Imperial Group takeover.

"Technical, personnel and any other departments that could be viewed as a drain on short-term profitability have been minimised," the Henderson report said.

Mr John Foulkes, the man given the credit for the Ross Young's revival has left for the text trade. Marketing expenditure in 1987 was half that in 1985. While Bird's Eye spent £12.7m on TV, press and radio advertising last year, Ross Young's spent £2.9m, according to MEAL figures.

All of this can probably be corrected, and the synergies and development of critical mass promised by the deal should help, but it seems it will take some little time for UB to knock Bird's Eye off its top spot.

Sir Hector, typically, jibs at such "combative" talk which smacks of short-term thinking. He had spent a lifetime, he said, building UB into "a monument for the future". But his successors, now firmly ensconced in the boardroom and coming through the ranks, have more the look of marketers than masons.



Sir Hector Laing (left in mirror) and Robert Clarke: spent a lifetime building "a monument for the future"

Steel Burrill shows 20% fall

BY NICK BUNKER

THE WORSENING fortunes of London's insurance broking community were highlighted again yesterday with a 20 per cent fall in annual pre-tax profits to £4.48m at Steel Burrill Jones, the Lloyd's marine reinsurance specialist.

SBJ complained that its profits were hit by last year's fall of the US dollar, and by a drop-off in reinsurance premium rates and volumes which cut its commission income.

One key problem for the group was that marine insurers were making up for price reductions in their own market by retaining a bigger proportion of their risks and buying less protection from reinsurers.

SBJ, which is 45 per cent owned by directors and staff, said however that it was "actively seeking new business" and was confident of long-term progress. It managed an increase in the total dividend to 10p, after 9p in 1986. The final is 7.2p.

The decline in profits had been widely forecast, but the shares

closed 5p down at 165p.

SBJ's turnover grew only 1.1 per cent to £9.48m in the 12 months ending December 31, partly because around three-quarters of group broking income is dollar-denominated. If the dollar had stayed at 1986 levels, last year's turnover would have been eight per cent greater, SBJ said.

Other operating income - mainly interest earnings - grew from £1.93m to £1.98m. But SBJ's trading expenses continued to mount, rising 23 per cent to £7.1m, and operating profits were down 22 per cent to £4.37m.

After tax of £1.184m (1986: £2.06m), earnings per share were down 18.5 per cent to 14.2p. Profits attributable to shareholders were £2.85m, while the dividend payout will total only £1.76m.

comment

What is SBJ to do? The lethal combination of a weakening dollar and a softening marine reinsurance market means that only a radical slow-down in its

expenses growth will start profits moving up again. But in a small, narrowly-focused operation like this one, with a headcount of only 140, there is little room to cut expenses dramatically; and SBJ insists that it has already taken all realistic steps. Like many brokers, it faced in 1987 another steep rise in its errors and omissions insurance premiums, but is trying to prevent a recurrence by joining Griffin, a new mutual co-insurer for the Lloyd's market. One positive factor is that it has a relatively new 30-strong group life and pensions arm which is starting to feed profits into the bottom line.

In the light of currency and reinsurance trends, SBJ will be lucky to hold pre-tax profits steady at about £4.5m in 1988. The only near-term investment attraction remains the well-covered dividend. The current gross yield is a heady 8.1 at yesterday's closing price. A merger, whether friendly or not, looks unlikely in view of the troubled history of other tie-ups in the sector.

NOTICE OF REDEMPTION
INTERNATIONAL BANK
FOR RECONSTRUCTION AND
DEVELOPMENT
Washington, D. C.
("IBRD")

IBRD 8.2% Japanese Yen Bonds of 1981
Due 1996 (Twelfth Series) (the "Bonds")

We hereby notify holders of the above Bonds that on April 18, 1988, the entire outstanding amount of the Bonds is to be redeemed as follows: (a) pursuant to Condition 15 of the Bonds, by fulfilling a mandatory redemption obligation of 1.8 billion yen (mandatory redemption price: 100%); and (b) pursuant to Condition 17 of the Bonds by IBRD exercising an optional redemption right of 27.6 billion yen (optional redemption price: 103%).

The numbers of Bonds selected by drawing for the mandatory redemption of 1.8 billion yen are as follows:

Denomination (Yen)	Numbers
100,000	16912-18341
1,000,000	986-1122
10,000,000	2085-2237

The numbers of Bonds shown below are to be redeemed with price at 102% as optional redemption of 26.4 billion yen.

Denomination (Yen)	Numbers
100,000	1-7388, 8962-12911, 13343-24110
1,000,000	1-985, 1123-1175, 1318-2239
10,000,000	1-1233, 1385-2085, 2238-2529

Paying Agents:
With respect to definitive bonds, the principal of and interest on the Bonds is payable at any of the paying agents mentioned thereon. With respect to recorded bonds, the payment shall be made at the paying agent designated in the application for the recording on the bonds.

The Industrial Bank of Japan, Limited
as Representative Commissioned Company for the Bonds
17th March, 1988

NOTICE OF REDEMPTION
INTERNATIONAL BANK
FOR RECONSTRUCTION AND
DEVELOPMENT
Washington, D. C.
("IBRD")

IBRD 8.0% Japanese Yen Bonds of 1982
Due 1994 (Fifteenth Series) (the "Bonds")

We hereby notify holders of the above Bonds that on April 14, 1988, the entire outstanding amount of the Bonds is to be redeemed as follows: (a) pursuant to Condition 15 of the Bonds, by fulfilling a mandatory redemption obligation of 2.4 billion yen (mandatory redemption price: 100%); and (b) pursuant to Condition 17 of the Bonds by IBRD exercising an optional redemption right of 27.6 billion yen (optional redemption price: 103%).

The numbers of Bonds selected by drawing for the mandatory redemption of 2.4 billion yen are as follows:

Denomination (Yen)	Numbers
100,000	7080-9109
1,000,000	640-836
10,000,000	1965-2164

The numbers of Bonds shown below are to be redeemed with price at 103% as optional redemption of 27.6 billion yen.

Denomination (Yen)	Numbers
100,000	1-7075, 9110-25530
1,000,000	1-438, 837-9497
10,000,000	1-1964, 2165-2494

Paying Agents:
With respect to definitive bonds, the principal of and interest on the Bonds is payable at any of the paying agents mentioned thereon. With respect to recorded bonds, the payment shall be made at the paying agent designated in the application for the recording on the bonds.

The Industrial Bank of Japan, Limited
as Representative Commissioned Company for the Bonds
17th March, 1988

Notice to the Holders of
Kotobukiya Co., Ltd.U.S. \$25,000,000
7% Convertible Bonds 1996Notice of Free Distribution of Common Stock
and
Adjustment of Conversion Price

Pursuant to Condition 5(c) (iii) of the Terms and Conditions of the above mentioned Bonds, you are hereby notified that a free distribution of Common Stock of our Company at the rate of 0.15 share for each one share held will be made to shareholders of record as of February 20, 1988.

As a result of such distribution, the Conversion Price at which the Bonds may be converted into shares of Common Stock was adjusted from 819.0 Japanese Yen to 536.30 Japanese Yen effective as of February 21, 1988 (Japan Time).

The Industrial Bank of Japan Trust Company
on behalf of:
Kotobukiya Co., Ltd.
Dated: March 17, 1988

To the Holders of
WARRANTSto subscribe for shares of common stock of
HODOGAYA CHEMICAL CO., LTD.(Issued in conjunction with an issue by
Hodogaya Chemical Co., Ltd. (the "Company")
of U.S. \$50,000,000
3 1/4% Guaranteed Bonds Due 1992)NOTICE OF FREE DISTRIBUTION OF SHARES
AND
ADJUSTMENT OF SUBSCRIPTION PRICE

Pursuant to Clause 4(A) of the Instrument dated October 7, 1987 under which the above described Warrants were issued, you are hereby notified that a free distribution of Shares of our Company at the rate of 0.10 share for each one share held will be made to shareholders of record as of March 31, 1988.

As a result of such distribution, the Subscription Price at which shares are issuable upon exercise of the Warrants will be adjusted pursuant to Condition 7 of the Warrants from 823.0 Japanese Yen to 748.2 Japanese Yen effective as of April 1, 1988.

The Industrial Bank of Japan Trust Company
on behalf of:
Hodogaya Chemical Co., Ltd.
Dated: March 17, 1988

Rotterdam

The Financial Times proposes to publish this survey on:

Wednesday 13th April

For a full editorial synopsis and details of available advertisement positions, please contact:

Mr Richard Willis, Financial Times (Benelux) Ltd
Heregraat 472, 1017 CA Amsterdam on (020) 23 94 30

or write to Mr Robert Leach at:
Bracken House
10 Cannon Street
London
EC4P 4BY

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

NOTICE OF MODIFICATION
OF WARRANTS

Issued by

RYOBI LIMITED

(Incorporated with limited liability
under the laws of Japan)up to ¥7,519,500,000 for shares
of common stock of the Company
in connection with its U.S. \$50,000,000
3 1/4% Guaranteed Bonds Due 1992
(the "1992 Warrants")

and

up to ¥7,122,500,000 for shares
of common stock of the Company
in connection with its U.S. \$50,000,000
3 1/4% Guaranteed Bonds Due 1992
(the "1992 Warrants")NOTICE IS HEREBY GIVEN in
accordance with the provisions of the
Instrument by way of Deed Poll
executed on 6th June, 1988 in
respect of the 1992 Warrants.2. The Instrument by way of Deed
Poll executed on 18th September, 1987
in respect of the 1992 Warrants, in
which the Company has executed two
Supplemental Instruments by way of
Deed Poll on 10th March, 1988
modifying the terms of the 1992 Warrants
and the 1992 Warrants, from 10th
March, 1988 to 31st March, 1989
shall remain in full force and effect
from 1st December, 1987 to 31st March, 1988
and thereafter such six-month period
ending on 31st September or 31st March
in each year.These modifications are made
pursuant to a resolution passed on 28th
February, 1988 at a general meeting of
the shareholders of the Company changing
the fiscal year of the Company.Shares issued upon exercise of any
Warrants during the period from 1st
December, 1987 to 31st March, 1988
shall entitle the holders thereof to participate
in full in any dividend or other
distributions payable in respect of the
four-month period from 1st December, 1987 to 31st March, 1988
in accordance with the provisions of the
respective Terms and Conditions of the
1992 Warrants and the 1992 Warrants
and shall not be subject to the provisions
of the 1992 Warrants in relation to the
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to the 1992 Warrants, has made a determination
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Weak handknitting sector restricts Sirdar profit rise

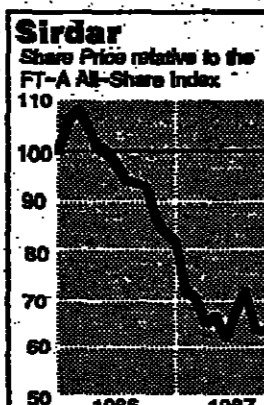
BY ALICE RAWSTHORN

Sirdar, the handknitting group which recently diversified into household textiles, yesterday announced a 3 per cent increase in pre-tax profits to £3.8m for the first half of the year despite the continued slump in the handknitting sector.

Two years ago the handknitting market sunk into an unexpectedly severe slump throughout the world. Sirdar, like all its fellow handknitting companies, has suffered from a fall in output. Mr Gerry Lumb, managing director, said that the group's handknitting output had fallen by 40 per cent in the past two years. Sirdar has shed between 150 and 200 employees in handknitting over that period. It also went on to short time working for five weeks last summer. The short time working has ended and Mr Lumb anticipates no further reductions in the 900 strong workforce.

Mr Lumb said that the handknitting market was still weak but that the industry hoped there would be some improvement by the autumn.

Burmater, the carpet tile manufacturer acquired last year, performed well. Everure, the curtain company, saw sales rise by 8 per cent but suffered a slight fall in profits because of the extra



costs involved in its move to a new warehouse. Sirdar received its first contribution - £22,000 - from Acropolis Hotels, a joint venture.

In the six months to December 31, group turnover rose to £28.6m (£23.5m) and operating profits increased to £4.5m (£3.8m). Sirdar paid £346,000 (credit of £135,000) in interest. It made an exceptional provision - to allow for the liquidation of two handknitting wholesale customers in North America of £217,000. Taxation deducted £1.5m (£1.4m). Earnings per share slipped to 4.52p (4.77p). The board proposes

an unchanged interim dividend of 1.65p.

Mr Lumb said that the pattern of business was unchanged so far in the second half with "handknitting still struggling, Burmater doing very well and Everure quite well."

comment

The companies that fare well in a buoyant marketplace, are not always those which survive when the going gets tough. Sirdar is an exception. In the half-out days when handknitting, was a fertile field, Sirdar pursued a policy of diligent investment to emerge as one of the most successful companies in the sector. To its credit it has faced equally well in the current, less clement climate. Careful cost cutting and tight stock control should ensure that it is in fairly sound shape when the market finally revives. Even assuming that there will be no such revival until the autumn at the earliest, Sirdar should muster £7.5m - and a prospective p/e of 13 - this year. Given the present sluggish state of the textile sector such a premium owes less to fundamentals: more to nostalgia for Sirdar's old star status and, inevitably, to take-over hopes.

WA Tyzack makes German acquisition

By Nikki Tall

W. A. Tyzack, the Sheffield-based engineering group, announced yesterday that it had acquired Gerhard Koehler which holds the partnership shares in Alfred Gutmann Gesellschaft fuer Maschinenbau und Co KG, a Hamburg-based metal cleaning equipment manufacturer.

The consideration is DM 2.5m (£811,000) cash, and the deal gives Tyzack total control of Gutmann. The acquisition complements existing blast-cleaning equipment operations - in the UK and Italy - and will give Tyzack around one-fifth of the European market.

According to Tyzack, Gutmann has suffered from a high-cost base and insufficient resources to fund capital expenditure in recent years - pushing the company into losses during the mid-eighties. However, operations have since been rationalised - cutting staff from 400 to about 30 - and there was a DM 725,000 profit before tax in 1987 on sales of DM 15m (£4.9m).

Tyzack says its existing sales in this area total some £10m and that, by sourcing from Tyzack's updated UK facilities, it should be possible to "rebuild quickly" Gutmann's annual sales to around £28m.

The cash consideration will come from existing resources. At end-1987, Gutmann had net liabilities of DM 2.5m (£811,000) but Tyzack says the freehold premises should show a DM 2.8m excess over book value, which is not included in these figures. Earlier this month, Tyzack - which has seen new management move in recently - acquired the component manufacturing business, Tyzack Turner Limited.

Close Brothers more than doubled at £3.1m midway

FOLLOWING their confident statement on prospects last November, the directors of Close Brothers Group reported more than doubled profits for the half-way stage and they looked forward to another successful year.

For the six months ended January 31 1988, the group, which is involved in merchant banking and investment operations, halved pre-tax profit from £1.51m to £3.1m, and lifted earnings 55 per cent to 5.59p (3.57p).

The interim dividend, on capital increased by rights, placing, and scrip issues, is stepped up from 1.5p to 1.65p, the comparison being adjusted for the scrip only.

The directors pointed out that other than a further £5m capital injected into the merchant bank, they had yet to invest proceeds of the £24m raised last July.

In the merchant banking division the overall volumes of loans and advances continued their steady growth with margins fully maintained. The corporate finance division had a particularly strong period which included implementation of proposals for the realisation by Caledonia Investments of its investment in British & Commonwealth Holdings.

In the investment division income was ahead of budget, with Close Investments producing a good performance.

Despite general uncertainties in the market during the past few months, the company had continued to experience a high level of inquiry flow and business conversion in all divisions.

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A solution to all problems

In a third article on widening access to legal assistance, Leo Herzog and Daniel Harris look at the reasons for escalating litigation in the US

THE LOS ANGELES county bar association has just gone to federal court to have the five-year backlog of civil cases in Los Angeles declared unconstitutional on the ground that the 224 county judges are not enough to handle the 300,000 cases filed each year. It is an example of how litigation in America is widely used to solve a wide variety of economic problems. In a lawsuit is filed to make more litigation easier.

The notion that litigation is a surface malady, which can be cured by a few changes in legal rules, is quite misleading. The refusal of Americans to endure ordinary bad luck or unfairness and their tendency to resort immediately to litigation are longstanding national traits. Moreover, litigation in the US is the creature of widespread and widely approved policies, manifested in statutes and court decisions that quite deliberately provide incentives to litigation.

The growing importance of the first amendment right to freedom of speech multiplies the tendency to litigate. Newspaper advertisements advising product liability suits, even television commercials counselling divorce, are common. Lawyers have a constitutional right to advertise for clients because, as the US Supreme Court explained, "we cannot accept the notion that it is always better for a person to suffer a wrong silently than to litigate it by citizens dealing with highly controversial social issues - such as race, religion, sex and freedom of speech rather than by the legislature. This judicial role is generally accepted because it is one is potentially or actually a member of several minority groups. The right to resort to the

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World of Leather down 40%

A MUCH improved second half enabled the World of Leather Furniture group to pull back its profit fall to 40 per cent in the year 1987.

The improvement had continued into the current year, said Mr Ramon Benardout, chairman. Sales were ahead of budget and well up on the previous year.

Profit in 1987 fell to £750,000 (£1.25m) after a 68 per cent slump to £175,000 at the interim stage. Results reflected the significant expansion from new store open-

ings, which had an impact on short-term profitability, and also swift reaction in countering the flat trading conditions.

At year end the group operated out of 18 stores (10), and expected all to contribute to profits this year. So far in the current year three more had been opened and further units were planned.

Mr Benardout stressed that the much larger operating base meant any initial adverse affect on profitability from new openings would have a lesser impact on the year's results.

Earnings in 1987 fell to 7.2p (10p). The dividend is raised to 3.2p (3p) at a cost of £256,000 (£122,000), after waivers totalling £117,000.

The group had consolidated its position as the largest specialist leather furniture retailer in the UK. Referring to the legislation-backed introduction of new foam filled products, the chairman expressed confidence that the group was well placed to benefit from the selling opportunities that will be created and to absorb any possible adverse impact.

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Dairy Farm

Highlights

- Profit up 58% to record level
- Earnings per share up 40%
- In Hong Kong and Australia, 77 new retail outlets opened
- In UK, 25% of Kwik Save acquired
- In Taiwan, new supermarket business established
- Shareholders' funds increased by 156%
- US\$200 million of Convertible Cumulative Preference Shares issued
- Investment properties in Australia and Singapore sold for more than HK\$1,000 million

1987 Results

	Year Ended 31st December	1987	1986	1987
		HK\$m	HK\$m	US\$m
Sales		12,780	10,209	1,645
Profit after taxation and minority interests		456	289	59
Extraordinary items		164	—	21
Dividends — Ordinary		221	30	28
— Preference		36	—	5
Shareholders' funds		3,711	1,447	478
Earnings per ordinary share		33.6	23.9	4.3
Dividends per ordinary share		17.0	2.5	2.2
Shareholders' funds per ordinary share		170.7	119.8	22.0

* In respect of the period 14th October 1986 to 31st December 1986 only

The Branch Register of Members in Hong Kong will be closed from 25th to 29th April 1988 inclusive to identify those shareholders entitled to the proposed final dividend of HK12 cents per ordinary share which will, subject to approval at the Annual General Meeting to be held on 1st June 1988, be payable on 6th June 1988.

A preferential dividend on the Convertible Cumulative Preference Shares at the rate of 6% per annum will be payable on 29th April 1988 in respect of the period from the date of issue of such shares to 30th April 1988.

Dairy Farm International Holdings Ltd
(Incorporated in Bermuda with limited liability)
33rd Floor, Windsor House, Causeway Bay, Hong Kong



UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY: Index of industrial production, manufacturing output (1980=100); engineering output (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Ind. prod.	Eng. output	Retail sales vol.	Retail sales val.	Unempl.	Vacancies
1986						
2nd qtr.	108.5	108.3	96	121.9	154.6	3,288
3rd qtr.	110.5	109.3	96	123.7	155.7	3,003
4th qtr.	110.5	109.9	96	125.5	154.3	3,141
1987						
1st qtr.	111.2	108.5	95	126.4	158.9	2,972
2nd qtr.	112.2	108.6	96	128.3	158.9	2,965
3rd qtr.	114.9	111.3	91	121.5	171.8	2,827
4th qtr.	118.3	112.8	94	128.2	168.9	2,681
1988						
1st qtr.	115.2	113.3	94	131.0	173.6	2,576
2nd qtr.	114.9	113.3	93	128.1	171.0	2,229
3rd qtr.	115.1	114.4	91	128.0	170.9	2,771
4th qtr.	114.8	113.3	92	128.0	168.9	2,712
1989						
1st qtr.	115.1	113.3	94	128.5	168.3	2,649
2nd qtr.	115.5	113.3	94	128.5	164.9	2,614
1990						
1st qtr.	114.8	113.3	94	128.5	164.9	2,614
2nd qtr.	114.8	113.3	94	128.5	164.9	2,614

OUTPUT: By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacturing, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Investment goods	Intermediate goods	Eng. output	Metal mfg.	Textiles etc.	Housing starts
1986							
2nd qtr.	108.3	98.4	116.3	101.3	110.0	104.3	18.5
3rd qtr.	108.4	98.1	117.3	101.5	108.5	108.1	18.4
4th qtr.	108.1	101.6	115.7	104.3	114.4	104.3	18.5
1987							
1st qtr.	107.6	100.5	117.9	100.3	114.5	100.3	17.4
2nd qtr.	110.5	101.5	118.4	104.7	118.9	102.9	19.5
3rd qtr.	112.6	106.1	118.7	108.1	120.5	106.4	20.5
4th qtr.	113.9	107.7	119.3	108.8	121.6	107.3	17.3
1988							
1st qtr.	118.3	108.4	118.1	108.6	125.0	108.9	20.3
2nd qtr.	112.2	106.5	118.7	106.0	121.0	107.9	20.3
3rd qtr.	112.3	106.5	119.6	110.0	120.0	108.0	17.9
4th qtr.	112.3	106.5	119.6	110.0	120.0	108.0	17.9
1989							
1st qtr.	112.3	106.5	119.6	110.0	120.0	108.0	17.9
2nd qtr.	112.3	106.5	119.6	110.0	120.0	108.0	17.9
3rd qtr.	112.3	106.5	119.6	110.0	120.0	108.0	17.9
4th qtr.	112.3	106.5	119.6	110.0	120.0	108.0	17.9

EXTERNAL TRADE: Index of export and import volume (1980=100); visible balance; current balance (000s); balance of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Balance of trade	Official reserves
1986						
2nd qtr.	121.9	120.1	-1,696	+146	+785	102.5
3rd qtr.	122.6	120.9	-1,691	+354	+621	102.5
4th qtr.	122.6	120.9	-1,691	+354	+621	102.5
1987						
1st qtr.	122.6	120.9	-1,691	+354	+621	102.5
2nd qtr.	122.6	120.9	-1,691	+354	+621	102.5
3rd qtr.	122.6	120.9	-1,691	+354	+621	102.5
4th qtr.	122.6	120.9	-1,691	+354	+621	102.5
1988						
1st qtr.	122.6	120.9	-1,691	+354	+621	102.5
2nd qtr.	122.6	120.9	-1,691	+354	+621	102.5
3rd qtr.	122.6	120.9	-1,691	+354	+621	102.5
4th qtr.	122.6	120.9	-1,691	+354	+621	102.5

FINANCIAL: Money supply M0, M1 and M3 (three months' growth at annual rate); bank lending to private sector building societies not included; consumer credit; all seasonally adjusted. Clearing bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending	Consumer credit	Base rate %
1986						
2nd qtr.	5.9	26.3	15.4	+4,095	185	+770
3rd qtr.	7.4	18.3	14.1	+10,310	2,814	+501
4th qtr.	7.4	18.3	14.1	+10,310	2,814	+501
1987						
1st qtr.	1.2	26.5	26.3	+5,728	1,485	+977
2nd qtr.	3.3	26.7	26.3	+5,728	1,485	+977
3rd qtr.	8.1	26.3	21.7	+11,286	1,211	+1,040
4th qtr.	7.2	28.2	22.7	+11,211	1,211	+948
1988						
1st qtr.	4.5	26.3	21.7	+11,286	1,211	+948
2nd qtr.	7.7	26.5	24.3	+4,231	347	+277
3rd qtr.	7.1	22.5	21.0	+2,651	887	+230
4th qtr.	8.0	21.6	21.4	+4,231	347	+277
1989						
1st qtr.	6.9	26.7	26.0	+2,977	812	+240
2nd qtr.	7.1	23.3	21.3	+3,201	1,136	+287
3rd qtr.	7.6	21.0	21.7	+4,949	880	+240
4th qtr.	7.6	21.0	21.7	+4,949	880	+240

INFLATION: Index of earnings (Jan. 1980=100

UK COMPANY NEWS

Lowe Howard-Spink jumps 52%

BY FIONA THOMPSON

NIGEL HAVERS, Leo McKern and a black horse helped Lowe Howard-Spink & Bell, the advertising agency group, hit 1987 profits by 52 per cent to £11.1m. The advance from £7.32m was made on turnover ahead from £214.48m to £232.41m. Earnings per share rose from 23.3p to 30.4p.

Lloyds Bank was one of the accounts, along with Guinness, Hanson, Coca-Cola, General Motors, Nestlé and others, which boosted Lowe's billings to £1.2bn (£845m) last year, up from £750m in 1986.

"No other advertising group has grown to this position after only six years in operation," said Mr Frank Lowe, chairman.

On a divisional basis, 40 per cent of profits came from UK

advertising business, 41 per cent from overseas advertising, 14 per cent from the public relations and lobbying businesses, and 5 per cent from advertising services.

Currency fluctuations affected the results. Profits would have been £400,000 higher but for exchange rate movements.

The two 1986 acquisitions - the public relations company Good Relations, now renamed Lowe Bell Financial, and UK advertising agency Allen, Brady & Marsh, are showing healthy growth, said Mr Lowe, as is Laurence, Charles, Free & Lawson, the US agency acquired last September for £25m.

The majority of last year's growth was organic. "We

acquired 42 new clients last year across the network, bringing in an additional £50m worth of business."

"We now have top ten agencies in Britain, Italy, Germany and Belgium - a formidable position for when the single European market comes in 1992."

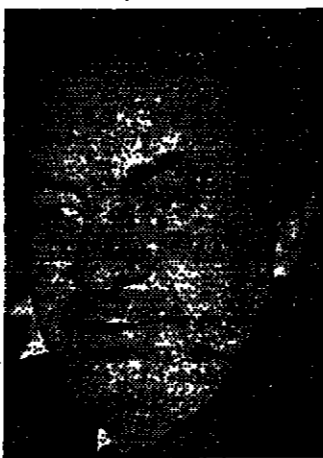
The company is looking to strengthen its operations in France and Holland and in the US.

The tax charge was £4.50m, compared with £3.2m last time. An extraordinary credit of £331,000 came from the sale of some of its shares in Parkway, the advertising services company, leaving Lowe with a 10 per cent stake. A final dividend of 6.6p was recommended, making a

total for the year of 10p (8p).

● comment

These results were at the top end of City forecasts. The European operations went very well on the back of strong advertising growth following broadcasting deregulation, and this is clearly an area the company wishes to push. The abolition of tariff barriers in 1992 will bring with it a huge increase in business and Lowe means to get a share of it. The company has been very circumspect about acquisitions, buying with care, and maintaining its emphasis on the creative side. About 28 per cent of profits will come from the US this year, a not insignificant amount to be



Leo McKern - a profit boost

subject to exchange rate movements. The shares closed 1p down at 389p last night. At £18m pre-tax, the prospective p/e is about 10, good value.

Singer and Friedlander sells Centrovincial Estates for £45m

BY DAVID BARCHARD

Ford Sellar Morris Properties (FSM) yesterday announced plans to buy Centrovincial Estates from Singer and Friedlander, the merchant banking and property group, for £45m.

At the same time, FSM released a second set of interim results showing that it made a pre-tax profit of £2m in the 12 months ending January 30, compared with a £2.2m loss in the previous year.

The results are the first to be issued since FSM, formerly Martin Ford, bought Sellar Morris Developments (SMD) last September and converted itself into a property investment group. Review, the reorganised merchant retail division of Martin Ford, is now said by FSM to account for less than 10 per cent of its profits.

FSM is issuing a second set of interim results because it has changed its year-end to April 30. Turnover was £10.5m in the 12 months ending in January, against £9.2m in the 14 months to January 1987. Tax paid rose from £9,000 to £707,000.

Earnings per share were 5.5p against losses of 14.21p in the previous period. A dividend of 1p net is being recommended.

The group's last set of interim results published in November showed it incurred a loss of £206,000 in the 28 weeks to August 15. The return to full profitability came after the purchase of SMD. An extraordinary

profit of £1,526,000 was made from the group's rationalisation programme after allowing for the acquisition costs of SMD.

Mr Irvine Sellar, joint chairman of FSM, said yesterday that he expected a further substantial improvement in the group's position when its final results are announced at the end of April.

He said that the purchase of Centrovincial Estates was an opportunity which had arisen only 8 days ago to add a portfolio of prime investment property to his group's existing developer trader activities.

"Our intention is to sell some of Centrovincial's properties to reduce our gearing in the first 12 months," he added.

To buy Centrovincial from Singer and Friedlander, FSM will have a rights issue of 14.4m new ordinary shares of 10p, issued at 85p per share, available to qualifying shareholders on the basis of 6.69 new ordinary for each ordinary held.

The rights issue will raise £12m and the balance of £23m will come from bank borrowing. Because of the size of the purchase, FSM ordinary shares will be suspended by the Stock Exchange until the deal is approved by shareholders.

Singer & Friedlander acquired Centrovincial through its rever-



Irvine Sellar - further substantial improvement expected

sal into Gilbert House Investments last September. It already had its own property house and evidently found the management philosophies and operations of the two impossible to combine in a single entity.

Singer's chairman, Mr Tony Solomons, said yesterday that Centrovincial was being sold as part of a rationalisation of existing holdings and an opportunity to raise a substantial cash balance which could be used for new acquisitions.

COMPANY NEWS IN BRIEF

CLIF HOLDINGS, equipment leasing company, has paid £2.5m cash for Fruehauf Finance (France), the French subsidiary of Fruehauf Corporation. Acquisition paves the way for CLIF's entry to large leasing market on the Continent.

GUINNESS acquisition of Schenley Industries, Inc. will not be referred to the Monopolies Commission.

LONDON AND MANCHESTER is interested in 7.75m ordinary shares of EFM Dragon Trust, or 6.46 per cent (previously 7.08 per cent).

MEGGITT HOLDINGS' subsidiary, Meggitt USA Inc., is to purchase substantially all the assets and certain liabilities of Regen Data Systems Inc.

OCEAN, transport and trading company, has bought the business of Spels Expeditions of Bielefeld in W Germany. Spels has assets of about £3m and provides

warehouse and distribution services mainly to the food and drinks markets.

SK GROUP: Yesterday's FT incorrectly stated that Kode had bought the SK group. In fact, it has acquired three companies from SK.

SYDNEY SMITH DENNIS, an F H Tomkins subsidiary producing pressure and temperature equipment, has agreed to acquire from C H Zeal the business and assets relating to its range of dial thermometers and temperature recorders. Total consideration, including performance related payments, is likely to be some £300,000 spread over three to five years.

YEARLING BONDS totalling £1m at 9 1/2 per cent, redeemable on March 22 1989, have been issued by the following local authorities: High Peak (Borough of) £0.5m; Hillingdon (London Borough of) £0.5m.

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Trading profit	£157.6m	+ 14%
Pre-tax profit	£147m	+ 17%
Earnings per share	23.9p	+ 18%
Dividends per share	11p	+ 16%
Pre-tax profit margin to sales	up from 6.5% to 7.5%	
Return on investment	increased from 22% to 23%	
Cash flow from operations	over £200m	

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MAGAZINE PUBLISHING

The Financial Times proposes to publish this survey on:

12th April 1988

For a full editorial synopsis and details of available advertisement positions, please contact:

Sarah Pakenham-Walsh
on 01-248 8000 ext 4611

or write to her at:

Bracken House
10 Cannon Street
London
EC4P 4BY

ESSEX

The Financial Times proposes to publish this survey on:

6th MAY

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SURVEY RESULTS REPORT

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Floating Rate Notes 1996

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Interest Period:

16 March, 1988 to 16 June, 1988

Interest Amount per £10,000

Note due 16 June, 1988

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Interest Amount per £100,000

Note due 16 June, 1988

£2278.01

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UK COMPANY NEWS

Philip Coggan reports on a British winner planning a market debut

Hi-Tec pounds the world after gold

THE ABILITY of British sportsmen to finish last at almost any pastime is one of the country's most glorious traditions. And, in sympathy, British companies have usually lagged behind in the race to supply outfits to the nation's games players.

Now, at last, the boot is on the other foot. The leading sports shoe supplier in the UK is a British company, based in Southern, and it is heading for the main market via an offer-for-sale this summer.

Hi-Tec, the company in question, now sells around 6m pairs of sports shoes a year in the UK, giving it 24 per cent of the British market. In just six years it has overtaken the British sales of its multinational rivals - the German Puma and Adidas and the American Reebok and Nike.

Hi-Tec's name might complicate the task of launching the company on the stock market - some potential investors will presume that the group has something to do with electronics. However, the sports shoe company has plenty of experience in the intricacies of nomenclature.

Established in 1974 by Mr Frank van Wessel, the chairman, Hi-Tec traded in its early years as Inter-Footwear (UK), selling Dutch-owned Inter brand shoes. But, in 1982, following a change of ownership at the Dutch company, the British group decided it could survive without the Inter brand name. It set out to create its own.

The way it did so actually became a casebook study at Harvard Business School. The first step was to send out the same shoes as normal - but change the signature from Inter to Hi-Tec by letter. "The customers had no reason to change," explains Mr Terry Mackness, chief executive. "They were effectively getting the same shoes."

As name recognition grew, the "by Inter" tag was dropped. Within a year, the transformation from Inter to Hi-Tec was complete.

At the same time as changing the brand name, Hi-Tec attempted to change its positioning in the market. Inter had been seen as a brand of shoes and the British company's attempts to move upmarket, through brands like "Super Inter", had been tentative.

So, with the help of US advertising agency, J Walker Thompson, the company launched a campaign to sell a specialist running shoe, the Silver Shadow, using TV commercials and posters.

Hi-Tec already had one market leader - its squash shoe. The company had managed to catch the early stages of the boom in squash playing; its specialist shoe has now sold around 6m pairs, making it one of the 10 best selling sports shoes in the world.

All Hi-Tec's shoes are manufactured by suppliers in the Far East, particularly in Taiwan and Korea. The aim is to use a range

of small suppliers, building up orders gradually whilst keeping a careful eye on quality control.

With the flexibility provided by its range of suppliers, Hi-Tec was able to expand on its base in squash and running shoes into other sports and designs. It now sells shoes in over 200 styles. "By having so many designs," says Mr Mackness, "we satisfy a wide range of the market without having to compete on price alone." (Hi-Tec shoes sell in the £15 to £40 range).

Around 40 per cent of Hi-Tec's styles are changed each year, with colour being a major factor. Today's designer sportsmen do not want to be seen wearing last year's colours. This year, for example, green is in and red and blue are out.

Getting the right design is particularly important because sports shoes are frequently used for casual wear. Hi-Tec's range of football boots, for example, worn by the likes of Everton's Peter Reid and Newcastle's Mirandinha, have led to important spin-offs in sales of black trainers.

Mr Mackness believes this trend can only continue. "In the US, one in four pairs of shoes sold are sports shoes or derivatives of sports shoes. In Britain, the proportion is only one in ten."

So far, the company's growth has been impressive. Turnover has risen from £2m in 1982 to over £50m in its last financial



Frank van Wessel - established company in 1974

year. But what of the future?

There is obvious scope for expansion through the sale of sports accessories; the company already sells jackets and holdalls. However, the purpose of the stock market listing - which will probably value the company at over £50m - will be to allow the company to expand geographically.

The company already has a solid base in the US hiking boot market and exports its footwear to over 30 countries. Mr Mackness believes that with careful marketing (and perhaps the signing of a major football star) Hi-Tec can become one of the leading sports footwear manufacturers in the world.

Ryan pays dividend as profits hit £10m

Ryan International, the Cardiff-based opencast mining, coal recovery and trading and building materials distributor, reported pre-tax profits up from £8.4m to £10.03m for 1987 - and the group is returning to the dividend list for the first time since 1974.

The directors said the company looked forward to a significant contribution in 1988 from a new grouping of its non-coal companies, Ryan Keltex. The group, which operates largely in Wales, has an overall capacity to handle property development, restoration and land-clearing involving in-house disciplines of architecture, civil and mechanical engineering and handling.

The company believes newly introduced technology in the US, and improved operating efficiencies in both countries, would enable these subsidiaries to contribute to profit in 1988.

The dividend for the year is 4p net, and stated earnings per share improved from 13.5p to 14.8p basic, and from 12.5p to 13.6p fully diluted.

Group turnover in 1987 fell from £108.71m to £96.67m. There was an extraordinary item of £3.24m (£303,000).

DRG advances to £50m despite slowdown on stationery side

BY DAVID WALLER

DESPITE upheavals caused by a heavy capital expenditure programme, DRG, the packaging and stationery group, increased its pre-tax profits for 1987 by 22 per cent to £50.2m. This was in line with City expectations.

Profits at the stationery division, by far the largest in the group, improved by only £300,000 to £28.3m on sales up 8 per cent to £312.7m.

Mr Moger Woolley, chief executive, blamed this partly on depressed demand for envelopes in France; but mainly on production hiccup caused by the capital expenditure programme.

This absorbed £37m last year, a 30 per cent increase over 1986. According to Mr Woolley, the spend would be higher in 1988 as a number of major projects got underway.

These include the amalgamation of two stationery factories into one at Apsley in Hertfordshire, and further expenditure at DRG Plastics to meet demand for the company's microwaveable can, currently popular in the US

under the "Lunch Bucket" brand-name.

Overall turnover grew by 7 per cent to £726.4m, some 40 per cent of it deriving from those businesses DRG considers to possess high growth potential. The long-term aim is raise that proportion above 50 per cent.

The group's operating profits climbed by 17 per cent to £58.8m, representing an increase in margins from 7.1 to 7.8 per cent. Packaging profits surged by more than a quarter to £10.6m (£3.2m), as did those from the office and print supplies division at £8.8m (£6.9m). Engineering contributed profits of £7.8m (£5.3).

Although 45 per cent of turnover derived from overseas, pre-tax profits translated into sterling were down by only £400,000 because of adverse exchange rate movements.

Exceptional costs absorbed £2.1m (£3.9m); interest payable rose from £4.1m to £4.8m. Earnings per share improved by a fifth to 34.4p. Shareholders are entitled to a final dividend of

● comment

DRG will never be scintillating, but yesterday's figures testify to the company's worthiness. Return on capital employed exceeded 27 per cent, nearly twice the rate in 1983 when the company started the long process of rationalisation. Profit margins advanced to a record level despite high pulp and resin prices and the disruptive effects of a £37m capital expenditure programme. With net borrowings of less than £20m, gearing declined from 13 to 11 per cent, leaving the balance sheet strong enough to support further capital expenditure to reduce the group's dependence on its slow-growth businesses and improve its production technology. DRG, custodian of a clutch of formidable brand-names including Sellotape, should make £57m to £58m this year, putting the shares on a prospective multiple of 10. A solid, long-term investment.

Tiphook in £3.3m German purchase

Tiphook, Europe's largest container and trailer rental group, is strengthening its West German operations with the acquisition of Kassbohrer Fahrzeug-Miet-service, one of the country's principal trailer rental companies.

Tiphook is paying DM 10m, or approximately £3.25m, in cash for the company's 538 trailers and the existing rental agreements. It will also gain the exclusive use of

Kassbohrer's parent company's service depots in Germany.

Tiphook was set up 10 years ago by Mr Robert Montague, the current chairman, and is capitalised at more than £100m.

CONTRACTS

Sonar equipment for navy submarines

FLEISSEY NAVAL SYSTEMS has been awarded a £10m contract from the UK Ministry of Defence to provide the 2074 Sonar for three of the Royal Navy's nuclear-powered hunter-killer submarines. The equipment will replace the 2001 Sonar, which was also supplied by Fleissey. As well as providing improved sonar array

performance, Sonar 2074 will be considerably smaller than existing equipment and will offer good stretch potential for future enhancements. Work on the contract will be carried out at Fleissey Naval Systems factories at Newport, Gwent.

Rediffusion wins £10m flight simulator work

REDIFFUSION SIMULATION has received an order from Japan Air Lines for a DC-10 flight simulator worth in the region of £10m. The simulator will accurately represent the whole aircraft environment. The six degrees of freedom motion system allows the full range of aircraft movements to be simulated, with engine noise and other vibrational effects accurately represented. Comput-

er-generated scenes will be provided by the company's SP-X 300 HT visual system. Coupled with the WIDE display system, a projection-based system incorporating a curved mirror which wraps right around the flight deck, pilots under training will be presented with the scenes across 150 degrees of a completely continuous field-of-view.

Container handling cranes

DAVY MORRIS, Loughborough, has won container handling crane orders, together worth £12m. Modular, Hong Kong, has ordered four ship-to-shore cranes and three rubber-

tyred gantry cranes in a contract worth £9.5m. Southampton Container Terminals has ordered a 50-ton capacity ship-to-shore crane.

Mixed bag for Drake & Scull

Three contracts totalling £4.6m have been awarded to the western region of DRAKE & SCULL ENGINEERING, a member of the Simon Group. Under a contract worth £1.8m with a 36-week completion period, electrical services are to be installed in a new 140,000 sq ft "Sava-Centre" store in Merton, London.

Mechanical services, valued at £1.5m, under a contract awarded by Taylor Woodrow, are to be installed in Allied Dunbar's new office accommodation in the centre of Swindon. Known as Tri-Centre III, the building will provide high-quality offices on eight floors. Completion is scheduled for early 1989.

The third contract, valued at

£1.3m, awarded by Wimpey Construction calls for design and installation of mechanical, electrical and plumbing services in a new 116-bed luxury hotel at Exeter for Trusthouse Forte. The hotel will also have a health and fitness club complete with swimming pool and gymnasium. Completion is due within 50 weeks.

Grosvenor Square Properties Group has awarded GEOFFREY OSBORNE £4m orders for work on its two developments in Crawley and Epsom. The high technology scheme at Crawley is of 43,000 sq ft and the industrial and warehouse building at Epsom is of 79,000 sq ft. Work has started.

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COMMODITIES AND AGRICULTURE

Soviet Union 'finds 2.5bn tonnes of oil reserves'

BY LESLIE COLITT IN MOSCOW AND STEVEN BUTLER IN LONDON

THE Soviet Union has made a huge discovery of oil at Tengiz, north of the Caspian Sea, Mr. Vasily Dinkov, the Soviet Oil Minister, said yesterday.

He said more than 2.5bn tonnes of oil reserves were found in deep drilling. This would be equivalent to about 18bn barrels and make the find one of the world's biggest oil discoveries.

However, his remarks came in an aside at a press conference to announce a joint venture with Occidental Petroleum. It was unclear whether he was referring to total or recoverable reserves.

If the oil is recoverable it would be equivalent to about nine years' output from the North Sea at its peak.

Dr. Armand Hammer, Occidental chairman, said gas reserves at the field could produce 600bn

cubic metres a year for more than 20 years. He confirmed that, based on Soviet technical data, the find was one of the world's largest petroleum deposits.

The joint-venture deal with the Soviets calls for sharing technical information from the fields. Soviet data on the petroleum industry is generally secret.

Oil has been extracted from the Tengiz area at shallower depths since 1940. Only recently did deeper exploration begin. Mr. Dinkov said the discoveries would give the oil region a second life.

The Soviet Union is the world's largest oil and gas producer, output being more than 11m bbl per day for the past decade. Recent Saudi Arabian output was more than 4m bbl.

However, the Soviet Union is

exploiting reserves rapidly. Proven reserves amount to about 58bn barrels compared to Saudi reserves of about 170bn barrels.

Oil is a big Soviet export item to Eastern Europe. Relatively little reaches the West.

The trend to deeper exploration of oil and gas has proved fruitful elsewhere in the world. This week Mr. Armand Hammer, Occidental's chairman, said probable reserves amounting to 8.6bn barrels of oil had been discovered in Monagas, eastern Venezuela.

The deeper oil, under higher pressure, was also lighter, more valuable crude. The bulk of Venezuela's reserves have been in heavier, high-sulphur crudes more difficult to refine.

Morocco seeks \$12m aid against locusts

From Francis Ghiles in Rabat

MOROCCO HAS appealed for aid worth about \$12m to help the kingdom fight what could be the worst locust plague since independence in 1956.

The appeal has been made to the European Community, the UN Food and Agriculture Organisation and the US.

Locusts began entering the country two weeks ago across a broad south-eastern front stretching from Tata, south of Agadir, as far north as Fijig, opposite Bechar, Algeria.

They are also moving across a wide front in Algeria stretching as far east as El Golea.

Moroccan officials say that to mount an effective fight in the next two months they need, in addition to 570,000 litres of pesticides and 180,000 quays they are using now, 25 light aircraft and helicopters, two C-130 aircraft and 200 ground vehicles.

This month 24,000 hectares were treated. However, 55,000 hectares are already infested.

The locust invasion comes at a time when the country's agriculture, particularly in the rich area known as the Souss around Agadir where much early fruit and vegetables are grown.

The locust advance was eased by exceptionally heavy rain in the Sahara Desert and by the much more lush-than-usual vegetation grown in its

Rains have also been plentiful across the central and northern parts of the kingdom, as well as in north-western Algeria.

Morocco's cereal crop is expected to be nearly double last year's 4.3m tonnes.

Morocco hopes to stop the locusts before they reach the hills south of the High Atlas range between Agadir, on the Atlantic coast, and the town of Marrakech, an area boasting a wide range of fruit-trees and early vegetables.

Where the locusts enter rich farming plains north of Marrakech the situation could become dramatic.

Citrus and vegetables provide about 15 per cent of Moroccan exports which last year were worth 28bn Dirhams (\$1.6bn).

Overall, half of Morocco's 24m people live off the land. The next two months are crucial for the country's agriculture.

If the locusts, which have invaded Mauritania and the western Sahara, are not destroyed before they reach the Sahel, the damage they will inflict on the much broader swathe of territory both north and south of the Sahara Desert will be even greater.

African farming in quiet revolution

BY NICHOLAS WOODSWORTH IN ABIDJAN

THERE ARE two ways to go from the Nigerian inland city of Ibadan to the West drive 75 miles (120km) to Lagos Airport and catch an international flight leaving most of the night, or drive north by road to Oyo and, on Ibadan's outskirts, turn left at a sign marked IITA.

This trip takes 10 minutes but the transition is none the less immediate and complete. Inside the gates lie two African: one open-drained, ramshackle and urban, the other underdeveloped, poverty-stricken and rural.

Inside are western counterparts: a well-maintained suburban country-club community with golf-course and tennis, and, for as far as the eye can see, fields of intensively-cultivated, well-tended crops.

Visitors ask what such different worlds can possibly have to do with each other.

The answer is, a great deal, for this is the home of the International Institute of Tropical Agriculture, founded by the World Bank, Rockefeller Foundation and many western bilateral donors.

In and around living in the big houses are not only the world's most advanced agricultural researchers.

The crops grown and the techniques used in the time-honoured result from 30 years of the institute's work on agriculture evolved specifically for Africa.

They offer much-needed solutions to millions of farmers and hungry urban dwellers in the world just outside.

Africa is the only continent not to have transformed traditional food-output systems. It has never had an Asian-style, so-called green revolution, and, say

experts, never will.

African government policies have on the whole militated against such a revolution. These policies include:

- Bias towards industrial rather than rural and agricultural infrastructure.
- Over-valued exchange rates making food imports cheap.
- Promotion of wholly inappropriate, large-scale farming techniques requiring importation of costly foreign inputs.
- Lack of technical expertise and extension services.

Ecological problems, too, have had a big role in inhibiting Asian-style development.

- Africa's soils are generally poor, infertile and subject to leaching and erosion.
- The climate is extreme, seasonal rainfall is highly unpredictable, big portions of the continent suffer from recurrent drought, and irrigation is only practicable on a small scale.
- Ecologies are so many and diverse that no single, improved farming system or crop can have continent-wide application.

If Africa cannot have a green revolution, the institute is hopeful of what it calls a quiet revolution in agriculture.

Avoiding past pitfalls it now bases applied technology on what has long been the basis of African agriculture, that is the financially and technologically limited smallholder farmer.

The institute has realised that the best way to grow more food is to improve the subsistence patterns will not be achieved by promoting use of expensive, inaccessible inputs such as fertilisers, machinery and sophisticated techniques.

Rather, the emphasis is on

introducing crop varieties resistant to disease, insects and adverse environmental factors.

These varieties must also be adapted to traditional farming systems. Conventional so-called improved varieties are designed for use in optimum growing conditions.

However, if under local conditions of low-input, poor soils, poor management and extreme weather conditions institute-improved varieties cannot perform at least as well as traditional varieties - and also do much better in good conditions - then the institute's research questions the value of propagating them.

In recent years its meticulous work in the selection, breeding and development of new, high-performance, high-yield varieties has been impressive.

Yields per hectare of leading staples such as maize, rice, cassava, yam and cowpeas have all risen dramatically with use of the institute's seed.

The institute has introduced strains resistant to such diseases as maize-streak virus, rice-blast disease and cassava-mosaic disease, all widespread crop-killers in Africa.

Combining resistance to insects with tolerance to drought conditions, the wide range of seed varieties provided by the institute is offering new hope to African farmers.

Institute activities are not confined to varietal research:

- Development of seed clones has led to advances in yam cultivation.
- So-called biological control, a system of importing predatory insects to Africa to control pest populations that have no natural enemies otherwise, is having a rapid impact on cassa-

va-growing regions of west and central Africa.

• Resource management is one of the institute's most important programmes.

Population pressures on land today mean traditional systems of shifting-cultivation no longer permit long periods of fallow and natural-nutrient restoration in soil.

The institute has evolved a technique called alley-cropping which restores soil fertility while allowing continuous plot-cultivation.

Crops are grown between rows of leguminous bushes which are not only soil and nitrogen-fixing but draw nutrients up from depths inaccessible to crops.

This technique, only recently developed, may answer African agriculture's most serious single problem.

New seed varieties and farming systems are, of course, only part of the solution. The institute's biggest obstacle is disseminating the results of its research through efficient and often moribund national agricultural systems throughout Africa.

Seeds, techniques and institute-sponsored training programmes are available to these systems free and on demand but their further reinforcing through greater co-operation with the institute has become one of its top priorities.

The institute is one of the most vital links in the long and fragile chain joining pure research in the West to farming in the Third World.

If the so-called quiet revolution is to succeed, African governments will now have to reorder their own priorities to ensure the chain is strengthened through-out.

Mali possesses a credit scheme that works

BY JOHN MADELEY, RECENTLY IN EASTERN MALI

A GERMAN businessman in Mali, West Africa, expressed a widely-held view of poor African farmers' credit prospects: "Give credit to the farmer and he will ruin himself."

He tried it. They just pocket the money. You never see it again."

The continent is littered with evidence of this view. However, for three years in an eastern part of Mali is turning conventional wisdom upside down.

Mali ranks with Ethiopia and Burkina Faso as one of Africa's poorest countries.

The 28m Village Development Fund in Segou region makes low-interest loans to peasant farmers. It enjoys a repayment rate any financial institution would envy - 100 per cent.

Fund-manager Mr. Abdou Kader Maiga says: "Most credit schemes in Africa have not worked. Farmers have taken the money and run. Extensions to repayment periods were granted too easily and farmers got away with too much."

The Segou fund, drawing on other schemes, has set tough criteria to help ensure repayments: farmers seeking a loan put their proposal to a meeting of the village community; the

community has final say and becomes responsible for repayments.

The fund is financed by the UN Development Fund for Agricultural Development. IFAD has found that putting credit into the hands of small-scale farmers is one of the best ways to release their potential to grow more food.

Under the Segou Fund farmers who previously had little or no access to credit are buying draught oxen, sheep and goats, agricultural tools and fertiliser.

Loans are channelled to them through Mali's Banque Nationale de Developpement Agricole. Farmers are charged annual interest of 8 per cent with repayments due over five years.

A community seeking a loan has to put down 10 per cent of the amount it wants to borrow. So far the fund has loaned just more than \$1m to about 3,000 farmers in 85 villages, making the average loan about \$360.

More than two-thirds of money borrowed has bought draught animals which, in turn, have helped farmers to extend the crop area.

In a small village called Sine Bougou, 30 miles from Segou, the village-community president, Mr. Demba Diallo, was one of the

first farmers to receive a loan. He grows millet, sorghum, groundnuts and peanuts and used a \$500 loan to buy three oxen, a plough and a hoe.

Before the loan he ploughed by hand and could not farm more than five hectares, about half his land area; now, he says, he can cover 10 hectares.

In a normal year the fertilizer has helped to raise his chief crop millet's yield from 600kg to 800kg a hectare. His total harvest rose by more than 4 tonnes a year.

Some of the extra food he keeps for his family of 25; some he sells in nearby towns.

Most farmers in the village have taken out loans and obtained similar results, as have many other peasant farmers in the region. In one of the poorest areas of Africa more food is therefore being produced for both rural and urban communities.

However, heavy rains have disrupted by erratic rains last July and August in the critical planting season. In Sine Bougou the harvest was halved. In some villages the rains were so heavy that the harvest was output barely reached 2 per cent of normal.

Mainly because of poor rains, Mali's overall output of cereals is expected to fall this year from 1.5m to 1.4m tonnes.

In Sine Bougou village almost twice the area is now under crops.

This has benefited people from the effects of droughts. It means villagers are eating whereas previously they might have become famine victims.

The fund is a success but has a weakness: the 430 villages in Segou district only 85 are at present eligible for loans.

Mr. Maiga says: "Villages are selected as being eligible if the community has a record of being trustworthy. If people co-operate well together, pay their taxes and have the potential to expand their cropping area."

This means villages poor in community spirit and disliking paying taxes and have limited land area. In short, the poorer villages are not eligible for loans.

With devastated harvests there is no food in many farms and an exodus to the towns is underway. Up to 1m in eastern Mali are threatened with famine.

The fund aims to extend loans to 75 more villages within two years. Well over half will still be excluded. The Segou fund faces the problem of how to include all those who are at risk of famine.

Escondida mine funds raised

BY KENNETH GOODING, MINING CORRESPONDENT

A "SIGNIFICANT" proportion of funds for the Escondida copper project in Chile has been raised. It was revealed yesterday. The sum is understood to be more than \$500m of the \$1.1bn required.

Escondida is potentially the most significant copper project for the 1990s and destined to keep Chile as the world's biggest and lowest-cost producer.

Partners yesterday also said a 50-year foreign investment contract had been signed with the state of Chile.

The contract allows, among other things, earnings to be repatriated and capital to be repatriated after three years. It fixes profits tax at 45.5 per cent.

Yesterday's announcement means two more steps have been taken towards a final decision on whether the project should proceed and production start in 1991.

Signs are that the partners will give approval midway through this year.

They are Broken Hill Proprietary (BHP), the Australian natural resources group, 60 per cent; RIZ Corporation, the UK mining and industrial company, 30 per cent; and a Japanese consortium led by Mitsubishi Corporation, 10 per cent.

Last month they signed letters of intent to buy 70 per cent of Escondida's projected output for 12 years with Japanese, West German and Finnish smelters. At current copper prices that output would be worth nearly \$7bn.

Mr. Keith Wallace, president of BHP-Utah International, said in Chile yesterday that the partners would provide more than \$400m to fund the project.

The balance of the debt is expected to be provided by the International Finance Corporation, the World Bank's private-sector finance arm, with export insurance and supplier credits against the purchase of capital equipment for the mine.

Escondida was discovered high in the Atacama Desert, northern Chile, in 1981. If the project proceeds, about 300,000 tonnes of copper in concentrates is expected to be produced annually in a 32-year mine-life.

This would make Escondida the world's third-largest copper mine after two other Chilean producers, Chuquibambilla (520,000 tonnes a year) and El Teniente (300,000 tonnes).

Minor quantities of gold, silver and molybdenum will be produced from the ore reserves, estimated at 652m tonnes.

Commission for another rise as essential help to make EC exports competitive.

The commission is expected to complete its proposals for this year's price-fixing at next week's regular meeting on March 22, ready to be debated by agricultural ministers on March 28, several months behind schedule.

The delay comes because of the long wrangle over agricultural policy reforms, culminating in last month's summit deal on automatic price and production controls, or stabilisers, a key element of overall EC budget reform.

Agriculture officials expect the commission to propose a price-freeze for most products, if only on grounds it would be illogical to propose a rise in prices, and hence in spending to support them, so soon after the painfully won summit accord on limiting EC farm spending.

Pig-farmers receive less EC support than do other farm sectors, accounting for just 1 per cent of the EC total farm budget. EC pigmeat-export refunds were last raised in December but the NFU yesterday pressed the

commission for another rise as essential help to make EC exports competitive.

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LONDON MARKETS

GOLD PRICES continued the slow but steady advance of the past couple of weeks, with the London auction price rising 55s, to \$448 at the close. The price reached this level early in the day on concern about the Texas-based First Republic Bank, which suffered a run on its deposits in mid-February and announced on Tuesday that it was withdrawing from the state of California.

The afternoon dealers started to become wary of too big a price advance ahead of the publication of today's US January trade figures. Platinum and silver prices followed gold upwards. Meanwhile cocoa prices turned sharply down again after Tuesday's 59 advance. The second position contract closed down 224 a tonne at \$215 - a new 5 1/2-year low - after sharp losses in New York. Sentiment, already extremely bearish, was further hit by trade reports that Ivorian main-crop arrivals had recently risen to 530,000 tonnes with the prospect of more to come.

SPOT MARKETS

Crude oil (per barrel FOB) + or -

Dubai \$13.30-3.50w +0.30

Brent Blend \$14.40-4.50w +0.10

WTI (per bbl) \$13.50-5.00w +0.25

Oil products (HME prompt delivery per cwt) + or -

Prudhoe (Gulf) \$153-100

Gas Oil (Brent) \$128-130

Heavy Fuel Oil \$92-94

Naphtha \$158-138

Petroleum Argus Estimates

Other + or -

Gold (per troy oz) \$448

Silver (per troy oz) \$38c +14

Platinum (per troy oz) \$497.00 +6.85

Palladium (per troy oz) \$122.50 +0.75

Lead (US Producer) \$27.00 -30

Lead (UK Producer) \$27.10 -1

Nickel (free market) \$80c

Tin (European free market) \$3760

Tin (Kuala Lumpur market) 17.50

Tin (New York) 32.50

Zinc (Euro, Free Price) \$850

Zinc (US Prime Western) 49.1c

Cash (live weight) 126.50w -0.57

Sheep (dead weight) 105.10w -0.15

Pigs (live weight) 70.11w +0.30w

London daily sugar (raw) \$218.4w

London daily sugar (white) \$228.4w -3.1

Tilapia and Lyle export price \$223.5

Barley (English) \$100.5w

Malta (US No 3 yellow) \$134.0

Wheat (US Hard Northern) \$20.5w -0.5

Rubber (RSS No 1) 61.75w

Rubber (RSS No 2) 61.00w

Rubber (RSS No 3) 60.00w

Rubber (RSS No 4) 59.00w

Rubber (RSS No 5) 58.00w

Rubber (RSS No 6) 57.00w

Rubber (RSS No 7) 56.00w

Rubber (RSS No 8) 55.00w

Rubber (RSS No 9) 54.00w

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Rubber (RSS No 100) 0.00w

Turnover: 1279 (1280) lots of 5 tonnes

100 indicator price (US cents per pound) for March 16: 124.26 (124.26) 10 day average for March 16: 124.26 (124.26)

COFFEE (C) (per 100 lbs)

Mar 1148 1141 1145 1137

Apr 1174 1167 1174 1164

May 1188 1181 1188 1187

Jun 1210 1203 1210 1203

Jul 1224 1217 1224 1217

Aug 1238 1231 1238 1233

Sep 1252 1245 1252 1245

Oct 1266 1259 1266 1259

Nov 1280 1273 1280 1273

Dec 1294 1287 1294 1287

Jan 1308 1301 1308 1301

Feb 1322 1315 1322 1315

Mar 1336 1329 1336 1329

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FOREIGN EXCHANGES

Dollar up ahead of trade data

THE DOLLAR had a generally firm tone ahead of today's publication of the January US trade figures. This was the result of short covering, after the recent downward trend caused by nervousness ahead of the trade figures and demand for the D-Mark and sterling.

US disapproval of actions by its near neighbours in central America also tended to support the dollar. The crisis in Panama, was followed yesterday by a report that the White House is considering sending troops to Honduras to counter raids by Nicaraguans.

Trading was thin, as the market settled down to wait for the trade figures. Dealers expect a widening of the January trade deficit to around \$15bn to \$16bn, from \$12.3bn in December.

The dollar rose to DM1.6550 from DM1.6500, to Y127.40 from Y127.10, to SF1.3245 from SF1.3200, and to FF5.6850 from FF5.6800.

On Bank of England figures the dollar's exchange rate index rose to 83.5 from 83.4.

STERLING - Trading range against the dollar in 1987/88 is 1.6785 to 1.6710. February average 1.6780. Exchange rate index fell 0.2 to 77.4, compared with 77.6 six months ago.

Sterling was strong against most other major European currencies yesterday, but lost a little ground to the dollar and Japanese yen.

Dealers suggested that Tuesday's UK Budget had done nothing to reduce the short term

upward pressure on the pound, but remained sceptical that the currency will stay strong in the longer term, against the background of a UK current account deficit this year.

Support for sterling followed the comments by Mr Nigel Lawson, the Chancellor, that interest rates will be kept at whatever level is needed to keep downward pressure on inflation. This helped to quash recent speculation that the rise in the value of the pound will eventually force the authorities to concede a cut in bank base rates.

The pound found upward resistance at DM3.05, the level where dealers settled down to wait for the trade figures. Dealers expect a widening of the January trade deficit to around \$15bn to \$16bn, from \$12.3bn in December.

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The D-Mark showed little movement against the dollar, ahead of today's US trade figures. Sterling remained firm after the Budget, on speculation that UK interest rates are more likely to rise than fall this year.

The pound was fixed at DM3.0570 in Frankfurt, compared with DM3.0500 on Tuesday.

The West German Bundesbank did not intervene when the dollar was fixed at DM1.6701, against DM1.6649 previously. JAPANESE YEN - Trading range against the dollar in 1987/88 is 158.45 to 157.55. February average 158.17. Exchange rate index 240.8 against 239.9 six months ago.

The yen traded calmly in Tokyo. Short covering helped the dollar above Y127, but exporters and speculative sellers prevented a rise above Y127.50.

The dollar closed at Y127.60, compared with Y127.25 on Tuesday. Although there was a trend to cover short positions in case of a surprise, dealers generally expect a widening of the US trade deficit in January.

Sterling lost a little ground in Tokyo, on profit taking after the UK Budget.

FINANCIAL FUTURES

Uncertainty unsettles gilts

POST BUDGET analysis in the gilt market suggested that the level of sterling - especially against the D-Mark - will, in the main, determine the Government's immediate interest rate policy, rather than fears on the inflation front as suggested by the Chancellor.

The argument yesterday was that high earners, who received the most benefits in Tuesday's Budget were less inclined to switch their extra income into consumer spending and, hence, that the inflationary fears from the Lawson package were probably overdone.

These considerations - while not a universal view - were stressed by some leading analysts. Mr Nick Parsons of Union Discount said that the Chancellor was trying to keep markets guessing by not giving any specific targets to aim at. He added that, if DM3.10 had been given as an upper limit for the pound against the D-Mark, we would already be testing this rate to find out the authorities' next move.

Long term gilt futures were not as quick to pick up this more

bullish train of thought, and gilt prices were still nursing the effects of Tuesday night's sell-off. However the price for June delivery recovered from the day's lows. It opened at 122.18, down from 122.05 and touched a low of 122.09 before coming back to finish at 122.13.

Three-month sterling deposits lost ground as cash rates edged up a shade. The June price opened lower at 91.00 and finished just one tick above the day's low at 90.91, down from 91.16 on Tuesday.

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ESSEX

The Financial Times proposes to publish this survey on:

6th MAY

For a full editorial synopsis and advertisement details, please contact:

Brett Trafford

on 01-248 8000 ext 5116

or write to him at:

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هالة امين الاصل

LONDON SHARE SERVICE

[illegible]

LONDON SHARE SERVICE

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MINES—Contd

Large 1750	28	RTZ	38
Marks & Spencer	28		
Midland Bk	35		
Morgan Grenfell	35		

A mission of business traded is cloth to the

Interest selective in disappointing equity sector while Gilt-edged stage modest rally

.....

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday Issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4A 3DF, price 15p, by post 32p.

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Continued on Page 39

LAMEX COMPOSITE CLOSING PRICES

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Nasdaq national market, closing prices

Stock										Stock										Stock										
Stock	Sales	High	Low	Last	Chg	Stock	Sales	High	Low	Last	Chg	Stock	Sales	High	Low	Last	Chg	Stock	Sales	High	Low	Last	Chg	Stock	Sales	High	Low	Last	Chg	
ADSK	61 498	214	201	204	- 1	Amlic	20 204	6	5	5	+	FlaHd	288	5 1/2	5	5	+	LtCn	17	13 475	17	16	17 1/2	+	MACR	75	23	14	14 1/2	+
ASX	21 501	131	125	125	+	Amlic	20 204	6	5	5	+	FlaHd	288	5 1/2	5	5	+	LtCn	17	13 475	17	16	17 1/2	+	MACR	75	23	14	14 1/2	+
AT	21 501	131	125	125	+	Amlic	20 204	6	5	5	+	FlaHd	288	5 1/2	5	5	+	LtCn	17	13 475	17	16	17 1/2	+	MACR	75	23	14	14 1/2	+
Acmed	20 670	212	211	211	+	Amlic	20 204	6	5	5	+	FlaHd	288	5 1/2	5	5	+	LtCn	17	13 475	17	16	17 1/2	+	MACR	75	23	14	14 1/2	+
Ad	20 670	212	211	211	+	Amlic	20 204	6	5	5	+	FlaHd	288	5 1/2	5	5	+	LtCn	17	13 475	17	16	17 1/2	+	MACR	75	23	14	14 1/2	+
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Adair	20 670	212	211	211	+	Amlic	20 204	6	5	5	+	FlaHd	28																	

Continued on Page 3

Europe's Business Newspaper

AMERICA

Late buying and takeover bid rumours lift equities

Wall Street

EQUITIES recovered from a modest decline yesterday morning, partly because of rumours of a major takeover bid but mostly because of a burst of late programme buying, writes Janet Bush in New York.

As so often in recent months, most of the sharp movement upwards came in the last half hour of trading as stock index arbitrageurs executed programme trades to pre-empt tomorrow's triple witching hour when stock index, options on the indices and options on individual options all expire simultaneously.

The buying late yesterday provided a mirror image of programmed selling for the same technical reasons on Thursday last week which pushed the Dow to a decline of more than 48 points.

The Dow Jones Industrial Average closed yesterday 15.91 points higher at 2,064.32. Volume picked up during the afternoon and by the close about 155m shares had changed hands.

The other factor cited by traders as having a positive effect on the market during afternoon business were strong rumours of an imminent takeover bid for Pillsbury Co, the troubled food and restaurant company.

Pillsbury's shares rose 3 1/4% to 4 1/4% in heavy volume with more than 2.4m shares changing hands.

The speculation centred on a possible bid by Beatrice Foods which sold its Tropicalia subsidiary last week for \$1.2bn. Beatrice's chairman expressed the desire to buy and break up another large food chain.

The Treasury bond market was undermined yesterday by two sets of economic statistics which tended to provide evidence of slightly stronger than expected economic activity.

Bond prices closed up to a full point lower in longer dated issues with the Treasury's benchmark 8.575 per cent long bond ending a point lower to yield 8.6 per cent.

Bond prices were reacting negatively to yesterday's news of an 8.9 per cent rise in housing starts in February, to an annual rate of 1.49m units, above the consensus forecast of 1.45m.

A 0.3 per cent rise in industrial production last month was also a touch stronger than most forecasts had suggested and was seen as further evidence of the robustness of the economy. The consensus forecast had been for a 0.1 per cent increase.

Both bonds and equities seemed vulnerable yesterday to bad news amid uncertainty about today's all-important US merchandise trade figures. The deficit is generally expected to be slightly larger than the \$12.2bn shortfall in December, partly because of seasonal factors.

The equity market continues to be dogged by quick bursts of programme trading which many feel disrupts the fundamental development of the market which remains highly cautious. The only factor keeping prices buoyant appears to be takeover stocks.

Money centre banks were in the news yesterday. Manufacturers Hanover dipped 3/4% to close at \$28. Wall Street was surprised by news late on Tuesday that Mr John T. O'Connell, the bank's president who was widely regarded as the heir apparent to chairman Mr John McMillen, was resigning.

Citicorp added 3/4% to \$20 1/4. Chairman Mr John Reed said yesterday that progress on Brazil's repayment of debt was good, but interest could result in a gain of about \$400m for Citicorp in 1988.

Koppers, the construction materials and services company, dipped 3/4% to \$53 1/4. The company

said yesterday that it had rejected a \$45 a share takeover offer by a group comprising Benson of Britain, Shearson, Lehman Hutton and Natwest Investment Bank. Kopper also said it was considering a recapitalisation plan involving a substantial cash distribution or dividend.

American Standard, the target of a hostile takeover from Black & Decker, rose 3/4% to \$75 1/4. Black & Decker has successfully gained a preliminary injunction against American Standard, preventing it temporarily from using its excess pension funds in a self-capitalisation plan aimed at thwarting the takeover. Black & Decker's share price gained 3/4% to \$81 1/4.

American Home Products rose 3/4% to \$80 1/4 after news that the company had acquired an exclusive worldwide license to AS101, a drug it said had potential value in the treatment of AIDS and cancer.

In a separate development, the Federal judge overseeing A H Robbins bankruptcy proceedings said he would not agree to current arrangements for the merger between Robbins and American Home Products and asked all parties to come up with a scheme for making immediate payments to women claiming injury damages due to Robbins' Dalkon shield contraceptive.

Canada

STOCKS rebounded from their early losses to close with a slight gain in a mixed market, analysts said. The composite index gained 0.32 to 3802.41 as declines outweighed advances by 428 to 389 on a light volume of 16.5m shares.

The price of gold, which rallied earlier on news that the US accused Nicaragua of invading Honduras, drifted lower on last minute book squaring.

ASIA

High-tech gains aid post-crash peak

Tokyo

EXPECTATIONS that further strong gains lie ahead helped send equities to their highest point since the October crash, with buying interest spreading to high-technology stocks, writes Shigeo Nishikawa of Jiji Press.

But recent winners such as giant capital steel and shipbuilding closed lower on small-lot selling triggered by growing concern over possible restrictions on margin trading.

The Nikkei average rose for the second consecutive day, adding 228.76 to close at 25,749.49. It moved between 25,608.27 and 25,719.82, only 42.13 short of the level touched before the crash.

Turnover stayed high at 1.68bn shares, up from the previous day's 1.64bn shares. Advances led declines by 538 to 381, with 141 issues unchanged.

The robust market performance stemmed in part from strong buying by Tokyo money trusts and other funds, which had closed their March books the previous day.

Anticipation that institutional investors would soon participate in the market on a full scale also encouraged buying by securities companies, business corporations and individual investors.

The market lost steam in afternoon trading, however, hit by anxiety about a possible tightening of curbs on margin trading. Selling focused on steel and other large-capitals, although the high-tech sector gained ground.

After the close, the Tokyo Stock Exchange announced it

would raise margin requirements from 50 per cent to 60 per cent, effective today. The measure comes as the number of margin-based transactions has grown, reaching a record 77,000m.

Yesterday's list of the 10 most active stocks continued to be dominated by giant-capitals, although their share of trading in the top 10 declined from the previous day's 63.6 per cent to 50.5 per cent, reflecting their weak performance in the afternoon.

Nippon Steel headed the active list, with 216m shares traded, closing Y3 down at Y466 after increasing by Y6 at one stage. Nippon Kokan, second busiest, moved between 25,608.27 and 25,719.82, only 42.13 short of the level touched before the crash.

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trade balance announced on Tuesday. The OSE average surged 224.3 to 25,722.16 on volume of 304m shares, up 63.8m.

Osaka Soda added Y90 to Y1,780 and Kobe Cast Iron Works Y29 to Y594.

Australia

STRENGTH in the New York bullion price and Tokyo stock market failed to lighten the cautious mood in Australia in advance of today's US trade figures.

A healthier Australian dollar and lower domestic interest rates also had little impact on the market. The All Ordinaries index closed just 1.4 easier at 1,507.7 in turnover of only 107m shares, compared with 108m on Tuesday. The gold index managed a 10-point gain to 1,688.8.

Local institutions showed some late buying support but there was little foreign presence.

Among the most active stocks, Bell Resources added 6 cents to A\$1.28 on more than 20m shares. The company's bid for Bell Group, up 2 cents at A\$1.97 on 1m shares, is part of plans to simplify the structure of the Holmes a Court group.

AFP Investments shed 3 cents to A\$1.20, but the Linter group, in which it has a 49 per cent stake, added 10 cents to A\$1.50, matching Mr Abe Goldberg's takeover offer which values Linter at A\$300m.

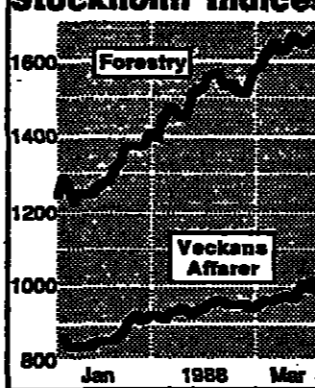
Hong Kong

FOREIGN institutional investors failed mainly on the sidelines

Sara Webb explains a re-awakening interest

Foreigners lured by Swedish forest deals

Stockholm indices



FOREIGN investors are showing a renewed interest in the Swedish stock market, lured back by last week's mega-deals in the forestry sector, after a seemingly long hibernation.

After the October crash, foreign investors sold out of their fringe portfolios, and Swedish shares flowed back to Stockholm. But interest in Sweden picked up again last week and brokers reported keen buying in the wake of the Stora and MoDo deals, followed by some profit-taking.

The stock market has performed well so far this year, with the Veckans Affärer General index rising 21 per cent from the start of 1988 to around the 1,000 mark.

According to the FT-A World Index, Sweden's performance ranks 18th in Europe behind Belgium - up about 40 per cent in local currency terms - and compares with a gain of 9 per cent in Germany.

The Swedish advance has been helped by extra money poured into the market by the mutual and wage-earner funds. One of the best performing sectors has been forestry with the forestry index outstripping the general index since January.

Demand for pulp was strong last year, leading to good performance by forestry companies with strong profit rises and, as demand shows no sign of abating this year, prospects for more rises look good.

This month has also seen a shake-up in the forestry sector with leading group Stora holding SKr5.5bn for Swedish Match, the world's leading match manufacturer. Stora wants to move further into consumer products, away from dependency on pulp and paper.

As soon as that deal was announced MoDo, smelter pulp and paper producer, pounced with its long-awaited bid for outstanding shares in Holmen

and Iggesund. If it had held out any longer, the deal would have been even more expensive. As it was, Stora got Swedish Match for a snip while MoDo is paying SKr6.1bn (\$1.03bn) to create a first force in Swedish forestry.

Forestry shares have continued to rise, with foreign interest peaking up when the Stora deal was reported. However, MoDo shares fell about 10 per cent on Monday when trading resumed, because many people had expected Holmen to buy MoDo and had been buying MoDo shares in anticipation.

Takeover rumours abound, with major companies flush with cash after last year's profit increases. Mr Petr Gyllenhammar, Volvo's chief executive officer, said last autumn that "Cash is King". Volvo has reserves of about SKr25bn. Mr Gyllenhammar has kept the market on tenterhooks over Volvo's takeover targets, though he has made it plain he wants to build up his food business, preferably overseas.

Agas, the industrial gas group, is another with plenty of spare cash and is waiting for the right moment to strengthen its position in the European gas market.

Domestic buying led the market's rise, helped by foreign purchases, and the FAZ index added 4.52 to 465.07.

The cars sector continued to attract attention, led by rumours that Daimler plans to bid for the 44 per cent of AEG, up DM11.50 at DM267, that it does not own. Daimler would not comment and ended the day off DM1 at DM699.

VW, which revised upward its estimate of 1987 group sales, added DM43.40 to DM242.30. Banks were helped by news from Bayerische Vereinsbank that it would keep its dividend unchanged, in spite of lower 1987 profits. It added DM7.50 to DM263.

Precious metals and chemicals company Degussa added DM2.2, or 7.6 per cent, to DM237 after reporting a 10 per cent profit rise over four months.

Nixdorf's announcement that it expected double digit sales growth this year saw the com-

pany's shares rise 10 per cent to DM237.50. Other mining issues performed well, with diamond stock De Beers gaining 50 cents to R26.75.

before today's release of US trade figures, the Hang Seng index dropped 23.88 to 2,555.04.

Turnover was down considerably from Tuesday, totalling HK\$787m against HK\$1.1bn, as local investors also curtailed their activity amid uncertainty about the market's direction.

Dairy Farms was active after reporting a 58 per cent profit rise, but the stock finished 2 1/4 cents lower at HK\$4.55.

Hongkong Bank fell 15 cents to HK\$7.35. It produced annual profits within market expectations but its one-for-one bonus issue was perceived to be less generous than the one-for-four issue by its subsidiary, Hang Seng, which lost 50 cents to HK\$22.35.

Trading was suspended in the two television networks, HK-TVB and ATV, and Bond International, a leading shareholder of HK-TVB, because of a new rule on local television franchises.

Singapore

BARGAIN hunting and late speculative buying helped push the market higher although shares closed generally mixed in fairly quiet trading.

The Straits Times Industrial Index rose 2.4 to 946.52. Institutional investors stayed away pending today's US trade news.

Continued rumours of an impending takeover sent Singapore Land 35 cents higher to S\$6.75 with 120,000 shares changing hands. NOL saw the day's heaviest volume, with 2.8m shares traded, and added 3 cents to S\$1.40 on prospects of strong earnings results.

EUROPE

Corporate news gives cheer and fuels highs for 1988

London

GOOD corporate results and selective takeover activity provided a boost for most European markets yesterday, in spite of continued caution over today's US trade data. Milan and Frankfurt saw good demand from foreign investors, but Brussels ended down following two months of strong gains, writes Our Markets Staff.

MILAN drew strong buying from big financial groups, mutual funds and individual investors which drove the MIB index to a new high for the year on the first day of the April account.

Active trading continued after official hours and foreign investors were also significant buyers. The MIB jumped 36 points, or 3.4 per cent, higher to 1,088 as optimism spread and corporate speculation spurred investors on.

De Benedetti group shares continued to attract attention, with Buitali advancing 1.265 to L10,270 after reaching L10,600 amid expectations an announcement was imminent on its future.

The group's key holding company, Cir, which has received offers for Buitali, jumped 1.425, or 7.7 per cent, to L10,000. Mediobanca also surged in the wake of its 10-for-one stock split, adding L9,500, or 5 per cent, to L194,000. The rest of the banking sector rose in harmony.

FRANKFURT took cheer from the stronger dollar and good corporate results to end the day higher in moderate trading.

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The cars sector continued to attract attention, led by rumours that Daimler plans to bid for the 44 per cent of AEG, up DM11.50 at DM267, that it does not own. Daimler would not comment and ended the day off DM1 at DM699.

VW, which revised upward its estimate of 1987 group sales, added DM43.40 to DM242.30. Banks were helped by news from Bayerische Vereinsbank that it would keep its dividend unchanged, in spite of lower 1987 profits. It added DM7.50 to DM263.

Precious metals and chemicals company Degussa added DM2.2, or 7.6 per cent, to DM237 after reporting a 10 per cent profit rise over four months.

Nixdorf's announcement that it expected double digit sales growth this year saw the com-

pany's shares rise 10 per cent to DM237.50. Other mining issues performed well, with diamond stock De Beers gaining 50 cents to R26.75.

The CBS all-share index finished 0.3 higher at 82.7.

The publishing sector was lifted by promising forecasts for 1988 earnings, with VNU up F1 2.90 at F1 77 and Elsevier climbing F1 2.10 to F1 51.70.

Ahold, the leading retailer, shed F1 1.10 to F1 73.40 after rising on Tuesday before announcing last 1987 profits. The company said its 1988 figures would be depressed by the abolition of the state investment subsidy scheme.

The market also took heart from strong demand for the new 6 per cent, seven-year state bull bond, the yield on which has been pushed down to 5.96 per cent, a 22-year low.

ZURICH ended mixed in light trading as investors awaited the US trade figures, and the Credit Suisse index eased 0.3 to 462.4.

Jacobs Suchard bearers fell SF75 to SF8.43 following Tuesday's news of annual results in line with expectations. Nestlé added SF30 to SF8.65 on rumours that it is acquiring a majority interest in Buitali of Italy while retailer Jeimoli, which announced plans for foreign acquisitions, lost SF2.25 to SF12.45.

In the insurance sector, Berner Allgemeine added SF200 to SF5.20 on news of a higher dividend and Swiss Reinsurance rose SF150 to SF13.650 after acquiring a controlling interest in a small Italian insurance company.

BRUSSELS fell for its sixth consecutive session on consolidation following the bourse's frenetic activity in the first two months of this year.

The Brussels stock index eased 23.61 to 4,519.22 in lacklustre trade, although losses remained generally modest.

MADRID rose to another high for the year on continued rumours of a favourable inflation rate for February, figures for which are due out today.

The all share index added 1.74 to 268.59. Leading food group Ebro had its shares suspended by the bourse amid news that the Kuwait Investment Office had launched a takeover bid.

OSLO was hit by an absence of market-moving news and the all-share index closed up just 0.36 at 282.72. Industrial group Orkla Borregaard added NKr6 to NKr386, after climbing NKr20, or 5 per cent, on news of a one-for-one stock split and 45 per cent higher annual profits.

This announcement appears as a matter of record only.

New Issue

16,300,000 Shares



Global Government Plus Fund Limited

Common Stock
Price Can. \$10 Per Share

Canadian Offering

These shares have been distributed in Canada by the undersigned.

13,000,000 Shares

Prudential-Bache Securities
Canada Ltd.

Richardson Greenshields
of Canada Limited

McLeod Young Weir
Limited

Nesbitt Thomson Deacon
Inc.

International Offering

These shares have been distributed outside Canada by the undersigned.

3,300,000 Shares

Prudential-Bache Capital Fund

Richardson Greenshields of Canada (U.K.) Limited

McLeod Young Weir International Limited

Nesbitt Thomson Limited (U.K.)

February 1988

FT - ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY MARCH 16 1988					THURSDAY MARCH 15 1988					DOLLAR INDEX		
	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	1987/88 High	1987/88 Low	Year ago (approx)	
Figures in parentheses show number of stocks per grouping													
Australia (89)	110.55	+0.0	88.71	100.15	4.28	110.55	+0.0	88.38	100.51	180.81	85.36	114.57	
Austria (16)	90.59	-0.1	72.70	78.52	2.67	90.64	72.46	78.36	102.87	94.35	93.80		
Belgium (48)	122.73	-0.8	106.51	114.56	4.17	123.75	106.93	115.11	129.49	94.63	116.12		
Canada (126)	120.42	+0.2	96.63	109.13	3.01	120.42	+0.2	96.26	109.26	141.78	98.15	131.94	
Denmark (38)	119.69	-0.5	96.05	104.34	2.82	120.33	96.20	104.49	124.83	98.18	112.25		
Finland (23)	121.27	+0.2	97.32	102.71	1.93	121.01	97.71	102.32					
France (121)	84.88	-0.1	68.12	75.69	4.08	84.75	67.91	75.42					
West Germany (94)	80.17	+0.5	64.33	69.71	2.65	79.74	63.75	69.03	104.93	67.78	86.29		
Hong Kong (46)	99.73	-0.7	80.03	99.87	4.26	100.42	80.28	100.56	158.68	73.92	107.48		
Ireland (14)	120.27	-0.7	96.51	105.91	4.17	121.15	96.85	106.26	140.22	93.50	129.92		
Italy (94)	79.70	+0.2	63.96	73.81	2.61	79.70	63.73	73.81	112.11	62.99	100.25		
Japan (457)	164.41	+0.8	131.94	132.40	0.53	163.07	130.37	131.01	164.41	100.00	125.51		
Malaysia (26)	118.20	+0.0	94.85	116.56	3.32	118.21	94.50	116.61	193.64	93.76	126.29		
Netherlands (37)	147.09	+4.5	118.04	344.20	0.97	147.09	153.99	123.11	140.82				
Norway (24)	107.82	+0.1	86.52	92.49	4.95	107.82	91.99	131.41	87.70	111.17			
New Zealand (23)	75.16	-0.8	60.31	59.52	3.54	74.42	59.49	58.95	95.89	64.42	92.74		
Norway (24)	116.69	-0.7	92.64	100.38	3.02	117.49	93.93	101.02	185.01	95.51	125.45		
Singapore (10)	111.00	-0.2	90.80	100.80	3.00	111.00	90.80	100.99	122.99	93.99	122.99		
South Africa (61)	138.25	+1.0	110.94	81.68	5.20	138.85	109.41	80.85	198.09	100.00	139.33		
Spain (43)	147.15	+0.5	118.08	124.85	3.36	146.47	117.10	124.11	168.81	100.00	111.49		
Sweden (32)	120.01	-0.4	95.31	105.49	2.65	120.01	96.36	105.73	136.64	88.50	111.37		
Switzerland (53)	85.92	-0.4	68.85	73.75	2.30	86.26	73.30	73.65	99.50	65.00	130.00		
United Kingdom (327)	139.62	-0.8	112.04	112.04	4.26	140.79	112.56	112.56	162.87	98.61	135.04		
USA (385)	109.51	+0.9	87.88	109.51	3.45	108.48	86.72	108.48	137.02	92.21	120.61		
Europe (964)	110.08	-0.1	88.34	92.69	3.75	110.24	88.14	92.46	130.42	92.25	111.97		
Pacific Basin (627)	129.70	-0.8	116.17	129.78	3.71	128.52	126.73	128.50	159.73	100.00	124.36		
Asia (164)	109.09	+0.9	88.34	92.69	3.75	110.24	88.14	92.46	130.42	92.25	111.97		
North America (711)	110.09	+0.9	88.34	90.51	3.42	109.10	87.22	108.54	137.55	91.68	121.21		
Europe Ex. UK (357)	91.77	-0.5	73.64	80.54	3.28	91.32	73.00	79.81	111.97	78.89	100.79		
Pacific Ex. USA (220)	139.22	-0.5	85.04	101.80	4.23	139.64	82.96	96.45	164.03	92.92	110.24		
World Ex. USA (1842)	117.22	+0.5	111.72	116.86	3.78	117.22	116.86	116.86	137.55	91.68	121.21		
World Ex. UK (2100)	126.58	+0.8	101.58	112.88	2.09	125.96	100.40	111.83	138.82	100.00	119.37		
World Ex. Ex. C (2366)	127.46	+0.6	102.44	113.02	2.26	126.96	101.42	112.12	139.47	100.00	120.19		
World Ex. Japan (1970)	110.14	+0.5	88.39	102.85	3.59	109.60	87.62	102.22	134.22	92.98	117.84		
The World Index (2427)	127.73	+0.6	102.50	112.79	2.31	126.93	101.47	111.90	139.73	100.00	120.31		